

THE INDEPENDENT

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PAGE 13



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Inquiry into how public lost £300m on gravy train

A deal over a train-leasing company sold for £300m profit months after it was bought from the Government is being investigated by the National Audit Office.

The disclosure will bring more embarrassment to ministers, there have been repeated allegations of businesses making a killing on former nationalised companies which have been sold off cheaply.

The public finance watchdog is looking into the sale of Porterbrook Leasing as part of a wider investigation into the privatisation of all three former British Rail rolling-stock companies. Labour has claimed that their sale by the Department of Transport allowed taxpayers to be "ripped off."

Porterbrook was bought by its management for £527m in January last year and was sold to Stagecoach seven months later for £825m. The sale netted £30m profit for the company's managing director, Sandy Anderson, a former British Rail terminal manager. In total, he and three other managers made £70m, while the remaining 44 staff each made an average profit of £390,000.

The National Audit Office (NAO) report, expected in spring, is likely to call into question the amounts raised not just from Porterbrook but the sale of the two other rolling-stock companies, Angel Train Contracts and Eversholt Leasing.

A NAO spokeswoman confirmed it was preparing a report into the sale of the three companies but refused to comment on likely conclusions or the timing of its publication. The re-

Exclusive

By Michael Harrison

port is expected to include a separate section on the sale of Porterbrook. The original purchase of Porterbrook was funded with £75m equity and £352m debt. Stagecoach paid £475m for the equity and injected £350m of debt.

This meant the Porterbrook management and their City backers, led by the investment bank Charterhouse Development Capital, netted £400m profit on their shares.

The management and employees had 20 per cent of the equity, realising £80m and City institutions made £320m. Apart from Mr An-

derson, the other big gainers were Porterbrook's finance director, Ray Cork, who made £17m, engineering director Tim Gilbert, who netted £11m and chairman Peter Watson, whose shareholding was worth £4.75m. Mr Watson is also chief executive of another recently privatised company, AEA Technology.

The Porterbrook sale to Stagecoach has cast doubt on whether the other two companies were also sold too cheaply. Eversholt Leasing was sold for £50m to a management and employee buy-out. The consortium paid £70m for the equity, with 15 per cent of the shares going to managers and staff.

The third company, Angel Train Contracts, was sold for £700m to a consortium led by the Japanese investment bank Nomura, supported by John Prideaux, a former BR executive who once ran InterCity. Nomura has made no secret of its desire to sell Angel or merge it with a train-operating company like Stagecoach.

Eversholt Leasing is also a potential bid target, in which case its 60 employees, led by the former Hanson executive Peter Harper, will be sitting on multi-million bonanzas.

In a report last October on the sale of the first three passenger rail franchises - Great Western Trains, the London-Tilbury-Southend Line and South West Trains - the NAO criticised the Government for ignoring the advice of its own franchising director and failing to include clawback provisions so that taxpayers could share in abnormally high profits.

State assets that went cheap

■ Rover sold to British Aerospace for £1.5bn and then bought by BMW for £800m. Deal criticised by NAO.

■ Royal Ordnance sold to British Aerospace for £190m. Deal criticised by NAO.

■ Sale of the first three rail franchises. Government criticised for ignoring its own franchising director's advice to include a "profit claw-back" provision in the sale.

■ Sale of Property Services Agency three years ago for £11.4m to a business consortium, which then resold the company at a profit of £70m. More than £30m of this was shared by three individuals.



China tiger: This 15th-century image of a tiger, the most expensive item of porcelain headwear ever sold by Sotheby's, has returned to the auction house in London as one of 300 exhibits celebrating Europe's trading links with the Far East.

Timed in advance of the handover of Hong Kong to China, the exhibition opens today, until 7 February. Photograph: Tony Bucknham

Major takes a lesson from US President in hunt for image

Fran Abrams
Political Correspondent

John Major is to hold a series of American-style "presidential" briefings in the run-up to the general election in an attempt to gain an advantage over Tony Blair.

As fresh crises hit the Conservative Party in the form of a new sex scandal and another dismal opinion poll, the Prime Minister promised to give on-the-record press conferences which will win him valuable media coverage. He has not held a gathering of this sort since June 1995 when he resigned the party leadership at a press conference in the Downing Street garden.

Government strategists believe the plan will give Mr Ma-

for an extra air of authority of the kind to which United States presidents aspire.

They also think it will put the Labour leader on the defensive. If he does not respond in kind the Conservatives can claim he has something to hide, and if he does they hope he will look slippery as he fails to put flesh on his policies.

The initiative, which will begin with a press conference at Conservative Central Office this week, will follow the launch tomorrow of a new multi-million pound poster campaign with the message that a Labour government would end in tears.

Mr Major said he would hold daily press conferences once the election had been announced and that he was "keeping an open mind" on a televised de-



John Major: US-style briefing

bate with Mr Blair. "I hope that I can get directly through to the public without having my views enshrined in someone else's words."

"So in future if people read

"friends of John Major say" they can discount it. The media will have the opportunity of asking me directly and I will tell them directly," he said.

A Labour spokesman said the Tories' new initiative held no terrors for the party. Mr Blair had held hundreds of press conferences at the party's Millbank media centre and would continue to do so.

"What the Tories are running away from is a TV debate. Name the date and name the place and we will be there," he said.

There was more bad news for Mr Major yesterday as a Gallup poll revealed that voters now believe that taxes are as likely to go up under the Conservatives as under Labour.

In a television interview yesterday, the Prime Minister said

both taxes and mortgage rates would go up if there was a Labour government. He also claimed he was not going to run a personalised "smear" campaign against Mr Blair. Asked about reports that Labour and the Liberal Democrats had made progress in talks about joint constitutional reforms, Mr Major said it was a "profoundly dangerous" development.

He refused to comment on reports that a Conservative backbench MP, Jerry Hayes, had a gay relationship with an 18-year-old researcher. Mr Hayes yesterday denied that the relationship, in the early 1990s, was sexual and said he was consulting his solicitor. The allegations came just days after the Prime Minister emphasised his commitment to family values.

QUICKLY

Battle to save shark
The Isle of Man has attacked the Government over its refusal to protect the UK's biggest fish, the basking shark. Page 7

Lava lamp larceny
Lock up your lava lamps - 60s and 70s "junk" has become the latest criminal collectible, according to police. Page 5

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Nigel Cope

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to a number of developments reported in the Independent today, they could soon become commonplace.

And not just for a handful of techno-nerds but for everybody - a home-shopping service which supplies groceries provided by Sainsbury's is raising £2m to expand its services across London. Also, a survey from Datamonitor predicts that a third of the UK population will conduct their banking affairs by telephone by 2001.

BT is considering offering free local calls in exchange for higher line-rental charges in a move which could lead to a huge increase in Internet usage.

Inside

Telephone banking revolution.
Home shopping boom.
Free calls plan.
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Leading article.
Page 11

The decision would remove fears of big telephone bills, which have been a major stumbling-block to Internet usage in this country.

The developments form part of an armchair revolution which could see Britain lead the way

in the provision of home-delivered products and services.

Internet shopping is already more popular here than in any other country outside the United States.

Tesco and Sainsbury's are testing home-delivery services and an announcement from Safeway is expected soon.

In telephone banking, First Direct is to open a new call centre in Glasgow to cope with increased demand. Other banks such as Barclays and Citibank are promoting their tele-banking services heavily.

Not that we will all become transformed into a nation of bug-eyed couch potatoes who

never venture out of the house. The new technology will simply enable us to cut out the chores and spend more time doing the things we enjoy.

Flanagan's, which has been operating its Supermarket Direct Service in South London since 1995, says its 5,000 customers are not all high-earning, dual-income yuppies.

Most are ordinary families prepared to pay a small charge to avoid the grind of the Saturday morning grocery run. "It's not an exclusive, expensive service for the rich," Adrian Flanagan said. "We are a common or garden supermarket for Mr and Mrs Average."



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news

Britain forced to pay £49m EU fine

Michael Streeter

The Government faces paying millions of pounds in penalty "fines" to the European Commission because cutbacks in Ministry of Agriculture staffing levels led to late payment of farming subsidies, it was claimed yesterday.

Last year, in a little-publicised move, Britain had to pay back up to £49m to the EU for failing to meet tough guidelines on subsidy payments to British farmers, according to civil servants within the department.

Further cutbacks, coupled with the resources diverted to the BSE scandal, mean that the Government will have to make similar "disallowance" payments in the Spring, civil service unions are claiming.

Such "fines" would prove an embarrassment for John Major in the run-up to the general election as he tries to reconcile his party's Eurosceptic and Europhile wings.

According to the ministry's own statements, the Government failed to meet the EU's "exact standards" to pay

more than 95 per cent of set-aside and other crop payments to farmers for the year ending 1995. Instead, only 83 per cent of payments were made by the deadline.

A ministry document reads: "Due, however, to the burden of validating claims to the exacting standards required under EC rules which proved to be greater than anticipated, only 83 per cent of main payments on set-aside and other eligible crops were paid by 31 December (1995), compared with the EC requirement of 95.14 per cent."

Its annual report confirms a shortfall between EU payments and the cost of the scheme at £48.79m.

The total cost of administering the subsidies - totalling £1.3bn - is a little over £6m. Normally the cost of the subsidies is met by the European Commission, but where there is a penalty this comes directly from the national government concerned.

Civil service unions say the delays and subsequent payments were "directly attributable" to staffing problems in the

ministry's regional service centres which administer the payments to farmers.

They point to a 10 per cent cut in staffing levels in the current year plus a projected 7 per cent reduction in "baseline" running costs in the next financial year, confirmed to them by the ministry's Permanent Secretary Richard Packer.

David Luxton, an official of the Institution of Professionals, Managers and Specialists - one of the four unions that recently met the Minister of Agriculture, Douglas Hogg, to complain

about the cutbacks - said the ministry had turned economics on its head.

He said: "There is now no relationship between these so-called efficiency cuts and effectiveness. These cuts are short-sighted and counter-productive. Earlier this year Maff was 'fined' a total of £49m by the European Commission for delays in payment to farmers of arable crop subsidies."

Last night a ministry spokesman confirmed there had been penalty payments but said the figure was nearer £17m.

significant shorts

Unionists mock Hume's call to Sinn Fein

The Ulster Unionist leader David Trimble yesterday dismissed any election threat for his party after the SDLP leader John Hume set out the conditions under which he would consider a pact with Sinn Fein.

Mr Hume suggested a pre-election pact made sense and said he believed seven seats could be won by nationalists, reducing the unionists to seven or eight MPs.

Mr Trimble insisted a pact would have no effect on his party's representation. "I don't believe any Ulster Unionist seat is at risk," he said. "I would have thought it was in the interests of the SDLP for it to draw a clearer distinction between itself and Sinn Fein/IRA."

Mr Hume said he would consider a pre-election pact if there was a "complete end to violence" by the IRA.

Police question man after club killing

A man was questioned by police last night over a double shooting at a crowded rave in which a 16-year-old student died.

An 18-year-old woman injured during the shooting in Clapton, east London, early on Sunday morning was taken to hospital. Her injuries were not serious. The dead youth came from the Forest Gate area of east London. Neither victim has been named.

The arrested man, in his 20s, was released on police bail and detectives are hunting a second suspect.

Professor rides for safety

A professor of psychology is spending time in railway engine cabs in a £154,000 safety project.

Professor John Davies of the University of Strathclyde is looking at the way human errors can lead to disasters. The research involves a scheme introduced by ScotRail called Ciras - the Confidential Incident Reporting and Analysis System.

The scheme is hacked and financially supported not only by Railtrack but by other bodies including Railtrack, the Health and Safety Executive and rail unions Aslef and the RMT.

Its main objective is to encourage drivers to report incidents which they may not draw attention to through the standard reporting systems already in place, either from a feeling of pointlessness or through fear of self-incrimination.

Broadcaster sent on her way

The travel broadcaster Anne Gregg has been axed by the BBC for the second time in six years. The corporation said that the contract of the presenter of Radio 4's *Breakaway* programme had come to an end.

There were more than 1,000 complaints when she was forced into resigning from the BBC TV *Holiday* programme in 1991.

The corporation said that it had only received one complaint yesterday after a newspaper reported that her latest contract had ended.

Coaches back

Coach traffic will be allowed back on Le Shuttle tourist trains from today, following the blaze on a train in November.

NHS chaos as cash crisis bites

Liz Hunt
Health Editor

Scores of hospitals across the country have closed beds, banned routine surgery, and are accepting 999 cases only, as pre-Christmas predictions by the British Medical Association of an emergency-only service this winter appear to be fulfilled.

Cold weather, a high incidence of flu-like illnesses, staff shortages and an unprecedented cash crisis have pushed the health service to the brink of collapse, according to doctors, nurses and hospital and health authority managers.

They say patients are already suffering. A 70-year-old man with liver failure died after being transferred 90 miles when hospitals in the Midlands were unable to find a bed for him.

In another case, a 20-month-old girl was taken 120 miles to Edinburgh after doctors failed to find an intensive-care bed for her in Sunderland, Newcastle upon Tyne, or Middlesbrough. Dr Keith Little, head of the casualty unit at the Royal Edinburgh Hospital, said: "The whole acute hospital service is stretched beyond its capacity to cope."

The Royal College of Nursing accused health chiefs of ignoring its warnings about an increase in emergency winter admissions. Recent appeals by hospitals for relief staff to cover nurses who are ill with flu were "entirely predictable" examples of poor planning by health trusts, the RCN said.

In addition, new figures from the Department of Health show that health authorities in England are facing their largest-ever deficit of around £150m by the end of the financial year in March 1997 - £30m more than the previous forecast in June.

Hugh Bayley, the Labour MP for York who obtained the figures, accused the Government of allowing health authorities to overspend in a bid to hide cutbacks in services and beds until after the election.

Philip Hunt, director of the National Association of Health Authorities and Trusts, confirmed that the shortfall would have to be made good from the extra £1.2bn allocated for NHS growth next year.

Dr Sandy Macara, chairman of the BMA council, said the situation bore out its earlier warnings: "When we first made these predictions in October we were accused of being alarmist. But we knew from our members what was happening."



Button up: John Major and David Frost prepare for the Prime Minister's appearance on *Breakfast with Frost* yesterday

Photograph: Emma Boam

Lib-Lab talks on constitutional reform may end in deadlock

Fran Abrams
Political Correspondent

Labour and the Liberal Democrats are to hold talks this month aimed at striking a deal on proportional representation, it emerged last night. But the issue could lead to the breakdown of a proposed deal being struck by the two parties on constitutional reform.

Both parties would like to announce before the general election that they will work together to reform the both the House of Lords and the Commons, and to pass a Bill of Rights and a Freedom of Information Act.

However, the Liberal Democrats have issued demands on voting reform which Tony Blair is unlikely to meet. They want him to campaign for proportional representation in Westminster elections, but the Labour leader remains "not persuaded" by the arguments for it, according to party sources.



Tears for fears: The new Tory poster offensive launched this week

As both opposition parties denied yesterday that any agreement had yet been reached, the Prime Minister described the prospect of a deal as "dangerous". He predicted that the co-operation would soon extend to changes in the vot-

ing system and to a Scottish parliament, and claimed that such moves would mean less choice for voters.

"Those will be the points of greatest interest and I suspect that's the agenda they're really turning to. Now I believe

that is profoundly dangerous," he said. Proportional representation would lead to "cozy agreements between the political classes," he said, while voters in Scotland would press for independence but would soon find it was "a pig in a poke".

Both Labour and Liberal Democrat politicians emphasised yesterday that there was no deal yet. Gordon Brown, the shadow Chancellor, said on BBC radio that Labour was committed to a referendum on PR but had yet to decide what time to take.

The Liberal Democrats, meanwhile, were insisting that Tony Blair's support for PR must be part of any deal between them. Robert MacLennan, Liberal Democrat president and joint chairman of the talks with Labour's Robin Cook, told *The Independent* that the talks had been constructive but were not complete: "Unless we can reach agreement on the programme as a whole then we would not envisage there being an agreement."

How to create that presidential style

Rupert Cornwell
Washington

If the American experience is anything to go by, John Major may soon come to realise that formal televised press conferences are not what they used to be - if they ever were in the first place.

The practice that is commonly but mistakenly held to be

central to the relationship between executive power and public opinion in the US, arguably was most influential in its early days under President Kennedy, whose his consistently high approval ratings owed much to his wit and grace before the assembled White House press.

Thereafter, each president has given his own flavour to the occasion, but Bill Clinton -

more suspicious of the press than any president since Nixon - held barely half a dozen press conferences in his entire first term.

In truth, however, it hardly matters - a fact acknowledged in April 1995 when two of the three big networks, NBC and ABC, for the first time refused to air a prime-time Clinton news conference. CBS did, and

attracted a 6.8 rating, less than half the 15.8 registered by ABC's *Home Improvement* sitcom.

Such is the price of a less fraught world. Now that the Cold War is over, humanity does not hang on every word from the man with his finger on the nuclear button. Today, a truly important presidential announcement comes in a 10-15 minute address from the Oval

Office, not at a rambling, scattershot press conference that can last an hour.

And if he does want to reach the people, then Larry King, Oprah Winfrey and the electronic town hall are also now to hand. In 10 months before the 1996 election, Mr Clinton gave just two set-piece press conferences - but his coverage suffered not a whit because of it.

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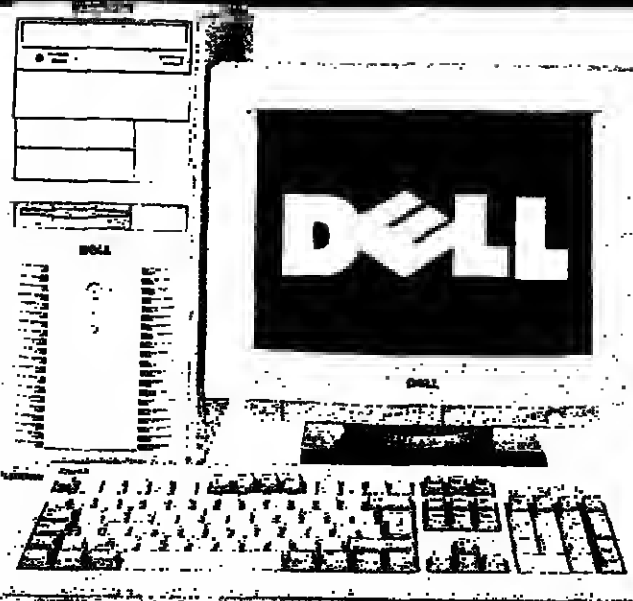
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Luke McShane, 12, is Britain's latest chess prodigy, but can he succeed where others have failed?

The pawn who would be king

William Hartston
Chess Correspondent

It's a terrible burden being an ex-world champion at the age of nine, but Luke McShane, who celebrates his 13th birthday tomorrow, seems to have got over it.

Luke is the latest model – and perhaps the best – to come off the production line of British chess prodigies. When he was eight years old, less than three years after being taught the rules of the game by his grandfather, Luke won the world under-10 championship in Duisburg, Germany, despite being the youngest of the 45 contestants.

At age 10, he became the youngest player to draw with a grandmaster in an international tournament; a couple of months later, he was the youngest to defeat an international master – a lower form of life than a grandmaster, but a far greater achievement than the draw. At 11, he became the youngest to beat a grandmaster, and he has beat grandmasters several times since.

For the past week and a half, Luke has been in action in the Challengers Tournament at Hastings. Yesterday, when the last round began, he needed one final win to move an important step closer to becoming an international master himself.

The titles of "master" and "grandmaster" are awarded by the International Chess Federation according to a precise formula based on a player's results. Generally, three qualifying results – or "norms" – are needed before a player is awarded the title. Last month, in the Caledonian Masters tournament in Edinburgh, Luke became the youngest British player ever to secure an international master norm.

So far, so good. But Britain has always been good at producing chess prodigies who do not quite win the world championship. Does Luke have the capacity to eclipse Nigel Short, who three years ago reached the dizzy heights of a world title match only to be shot down in flames by Garry Kasparov?

There is little doubt that he has the natural ability. Away from chess, he looks and behaves like any other 12-year-old: shy of strangers, monosyllabic in conversation, playful with children of his own age, likes to watch Jim Davidson's *Big Break* on television while doing his homework.

At the chess board, however, a transformation occurs. When most child chess players reach a position in which no obvious move suggests itself, you can see their eyes darting around the board in uncertain fashion. After a few minutes they lose concentration and pick a move almost at random.

Luke is different. He recognises the critical moments in any game, then, with his elbows anchored to the table, holds his head between his hands and stares at the board

in total concentration until the problem is solved.

When he drew with a grandmaster and beat a master at the age of 10, those games lasted six and five hours respectively. Playing an abstract game such as chess for such long periods requires a trance-like state that will permit no distraction. In a 10-year-old it is quite phenomenal, particularly in a child who has not specifically been bred to be a chess player.

For this is the age of hot-housed mini-masters. We saw it first with the three Polgar sisters in Hungary, most particularly the youngest of them, Judit Polgar, who became an international master at 11 and a grandmaster at 15. Then came another Hun-

garian, Peter Leko, a grandmaster at 13. Both had been taught chess as soon as they were out of nappies, and specialised in it from the age of four. But the advances of both Polgar and Leko have slowed recently.

The long-term advantages of chess housing may not live up to their early promise. That is what Luke must hope, anyway, for, apart from the little matter of a £12,000 sponsorship from Psion computers last year, he has had no more particular concentration on chess at the expense of other branches of his education.

A great chess player, like great champions in any other sporting activity, needs more than talent – natural or otherwise. There is the important question of

temperament, and a solid grounding in technique is also necessary to conquer the highest peaks. The Russians knew how to nurture their prodigies.

When Anatoly Karpov and Garry Kasparov were playing like masters at the age of 12, they were spirited away from international competition and placed under the wing of a wise old teacher. By the time they were 15, they emerged with the highest professional standards of technical proficiency and the emotional toughness of old boots.

Previous British chess prodigies have often suffered from a spirit of gung-ho amateurism. Tony Miles, our first grandmaster, relied too much on originality to throw his opponents off balance. At the very

highest level, it simply wasn't enough. Short acquired excellent technique after early setbacks, but seemed to lose confidence again when approaching the final hurdle.

The British way, sadly, has always been to throw our prodigies in at the deep end, letting them get used to being defeated and leaving them to pick up the pieces. But one of the things you learn from too many losses is how to lose. And that's a talent Kasparov and Karpov were never given an opportunity to acquire.

As long as Luke is kept away from the big fish until he is ready for them, he could do very well indeed, for there are few players of his age who are anywhere near as strong. His international rating places

him among the top 40 players in Britain.

While he is probably the best 12-year-old in the world today, he may, however, find himself demoted to third-best 13-year-old tomorrow. For his great rival, Etienne Bacrot of France, has already secured the international master title, as well as defeating the former world champion Vassily Smyslov in a six-game match; and the 13-year-old Ukrainian Ruslan Ponomarev has acquired a rating that most grandmasters would envy.

Luke has one advantage, however: he does not seem to take chess too seriously. Who knows how good he might become if he puts his mind to it?



Luke McShane: Latest in a long line of chess prodigies Photograph: Andrew Hasson



Tony Miles, 41, won the World Junior Championship in 1974 and went on to become Britain's first grandmaster two years later. Some outstanding successes in international tournaments in the late Seventies and early Eighties had him frequently touted – in the British press at least – as a possible world-title contender. Yet despite two wins against the reigning world champion, Anatoly Karpov, Miles never really established himself among the world's top ten. After a total collapse of form in the late Eighties, he has recently regained lost ground, but still ranks well outside the world's top 100 players. Miles was, however, the man who proved to his British colleagues that the world's top players could be beaten.



Nigel Short, 31, is the only British-born player ever to qualify as official challenger for the world championship. But his attempt came to a disappointing end when he was routed by Garry Kasparov in a much-hyped match in 1993. Short was a genuine chess prodigy, whose instinctive grasp of the game brought him wins against seasoned internationals before he reached his teens. After a difficult initiation into top-level tournaments, he went on to defeat Anatoly Karpov in the world championship semi-finals in 1992. But when it came to the title match against Kasparov, Short seemed stage-struck. After this defeat, Short's career went into decline, but he picked up again with some fine tournament victories in 1996. He is currently ranked ninth in the world.



Michael Adams, 25, spent his early years beating Nigel Short's British records for precociousness. British champion and grandmaster at 17, world-championship candidate at 21, he was, throughout his teens, the strongest player of his age in the world, with a ruthless ability to hustle even the top players to crushing defeats. However, his disastrous loss to Viswanathan Anand in a world-title eliminator in 1994 exposed a lack of technique at the very highest level. Adams is now ranked 15th in the world, after apparently securing a place among the world's top ten a couple of years ago.



Jonathan Speelman, 40, sprang to fame in 1988 when he reached the semi-final stage of the world championship eliminators. A player of great imagination and originality, he had seemed to lack the competitive instinct to succeed at the highest level, but a year of outstanding results brought him up to fifth place in the world rankings. Speelman's capacity for producing brilliant ideas in his game was the match of any other player's, but he had one outstanding defect: he felt sorry for his opponents when he beat them. He is now ranked 51st in the world.

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news

Twelfth night, the nation goes back to work and the season for recycling the remnants of Christmas begins

Slow thaw ends coldest period for 34 years

Joanna Snicker

Millions of people trudge back to work today after two weeks of fun, festivity and the biggest freeze for over 30 years. Rather appropriately then, the long-awaited thaw slowly eased its way across Britain yesterday.

After one of the coldest winter spells since 1963 for some areas, with 16 deaths in two weeks, the expected rise in temperature to above freezing in many parts of Britain over the next few days will come as a great relief but the thaw is set to bring further inconvenience.

Having got used to the piercing cold and bulky clothes, the nation now has to contend with the havoc of flooded homes and

businesses as water tanks burst and pipes melt. Thousands of people had to call out the Fire Brigade yesterday as their homes were swamped with water. In London alone, the fire service took more than 1,500 calls.

The London Weather Centre reported that overnight temperatures during the weekend were lowest in Bedfordshire, at minus 2C, up from minus 10C from the night before, in sharp contrast with last year when the temperature in the North-east rose from minus 20C to 2C in 48 hours.

Water companies and plumbers also braced themselves for the deluge of calls from customers beset by flooding, amid

warnings that some plumbers are cashing in on the thaw.

Kevin Wellman, assistant chief executive of the Institute of Plumbing, advised customers to turn off the mains supply then get a number of quotes before agreeing a price, following reports that some plumbers were charging more than £600 for two hours' minor work.

"As houses begin to suffer from burst pipes and flooding, dishonest tradesmen will have a field day," he said.

Mr Wellman said customers should check that the plumber is a member of the Institute, which requires members to follow set a set of guidelines in their work.

The Royal Society for the Protection of Birds yesterday urged the public to help save millions of wild birds, who are likely to die because of the cold weather, by putting out food and water for them.

Over the weekend, police found the body of hairdresser Christine Taube, 47, last seen chasing after her dog in snow in the village of Motcombe, near Shaftesbury, in Dorset.

Eyewitnesses told police that Ms Taube climbed out of a taxi and gave chase dressed in just a cardigan, when her pet ran off on Saturday.

The dog returned later but a massive hunt for the missing woman was called off this morning when her body was found.

In Sellindge, Kent, a 29-year-old man was found in snow after he went missing at the end of a night out with a friend.

The victim, who has not been named, was last seen alive when he was dropped off at the top of a lane near his home in freezing conditions on Friday night.

In Humberside the body of John Windle, 67, was discovered on the banks of Holderness Drain, in Hull, fully clothed with his feet in the water. A post-mortem examination revealed that he had died from hypothermia.

And in a fourth incident, a man was found by relatives when he collapsed on the ice at Earlswood Lake in north Warwickshire early yesterday morning.

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Going with the grain: The Corporation of London's while-you-wait Christmas tree shredding service in action yesterday Photograph: Philip Meech

New life from dead Christmas trees

James Cusick

Christmas is over. The annual festival of plenty officially ends tonight, the twelfth night of seasonal excess. Routine is supposed to return, pagan decorations adorning trees are traditionally hidden away till next December. But what of the after-effects of the epidemic of festive consumerism?

With more booze drunk, more items wrapped, more food consumed, the season of waste is now being followed by the season of clearing up. Just as the word Christmas is traditionally put in front of anything for sale in December, the routine recycling of Christmas waste in January is already developing its own traditions.

The Corporation of London has its own established Christmas seasonal recycling tradition. Following its success last year,

the Corporation yesterday began shredding the trees that have been worshipped in living-rooms throughout London.

In a while-you-wait service at Highgate Woods, a north London beauty spot, the corporation's woodsmen shred your tree into usable wood mulch. You can take the stuff away and treat your garden to a post-freeze treat or donate your recycled trees to help off the forest-floor eco-system of Highgate Wood itself.

Although 'tis now the season to recycle, the season of giving has not been altogether forgotten by the corporation. While not the gold, frankincense or myrrh class of the gifts of the Magi, members of the public are being allowed "to take home supplies of the mulch - irrespective of whether they have brought a tree or not."

With the Highgate scheme

being repeated in other parts of the country to deal with the millions of Christmas trees that usually find their way on to council rubbish tips, tree shredding could now become as much a part of Christmas as recycling old Morecambe and Wise programmes.

The season to recycle also includes cards. Once bought, written, enveloped, sent, opened, and displayed, the creeping tradition is now to recycle. This does not mean scoring out greetings and sending the card to a new address next year. Instead, two of Britain's high-street oases, the Post Office and Boots, are providing collection points on their premises during the Christmas recycling season, which they are extending into February.

This year more than two billion items were sent through the mail in the four weeks running

up to 25 December. The tonnage used to find its way into landfill sites. But no longer. Boots and the Post Office have joined with recycling companies to turn them into usable packaging material, with the money raised going to the 12 English community forests, the Woodlands Trust in Scotland and the British Conservation Trust for Volunteers in Wales and Northern Ireland.

And this weekend the bottle banks are bursting as the nations drops its festive empties into the appropriate blue, green or brown bins, a ritual that is becoming as much a part of the household routine as the supermarket trip to buy them in the first place.

Wastewatch, the nationwide organisation which monitors and encourages the growth of the recycling industry, is pleased at the possibility that post-fes-

tive recycling is now emerging as part of the end of the solstice frenzy.

A spokeswoman from the organisation said: "On radio this weekend we had a programme devoted to the author Fay Weldon taking all her festive rubbish to the Jamestown Road recycling centre in Camden in London."

"This is one of the oldest and more established recycling centres in Britain. It's accessible by public transport and heavily used."

For Wastewatch it was encouraging to see the idea of festive recycling being outworking. "The Camden centre now does no more than all the bottle banks, and paper banks and clothing banks that we see all round the country. But after Christmas we are now seeing these places being used more than ever before."

Current Savings Rates.

From start of business on 6th January 1997 the following rates of interest are applicable to the accounts set out below:

	RATE PER ANNUM GROSS %	NET %
60 Day Notice Account** - Paid Annually		
£50,000+	5.00	4.00
£25,000-49,999	4.75	3.80
£10,000-24,999	4.30	3.44
£5,000-9,999	3.25	2.60
£500-4,999	3.00	2.40
£1-499	0.50	0.40
60 Day Notice Account** - Paid Monthly		
£50,000+	4.00	3.20
£25,000-49,999	3.75	3.00
£10,000-24,999	3.30	2.64
£5,000-9,999	2.25	1.80
£500-4,999	2.00	1.60
£1-499	0.50	0.40
Flexible Savings Account		
£50,000+	3.75	3.00
£25,000-49,999	3.65	2.92
£10,000-24,999	3.20	2.56
£5,000-9,999	2.75	2.20
£2,000-4,999	2.60	2.08
£1,000-1,999	2.40	1.92
£500-999	2.30	1.84
£1-499	0.50	0.40
Interest Cheque Account		
£10,000+	1.75	1.40
£5,000-9,999	0.50	0.40
£1-4,999	0.25	0.20
FirstSave		
	3.00	2.40
TESSA***		
	6.50	N/A

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*Gross rate does not take account of the deduction of income tax at the lower rate of 20%.
**Sixty days notice of withdrawal required or equivalent loss of interest on amount withdrawn, unless the remaining balance is £5,000.00 or more.
***Withdrawals in excess of 80% of interest earned will result in loss of tax exempt status and the closure of the account.

TSB Bank plc, Victoria House, Victoria Square, Birmingham B1 1BZ.

Curzon arrested over £575,000 divorce deal

The heir to one of Britain's grandest aristocratic titles faces a High Court grilling today over his failure to pay a £575,000 divorce settlement.

The Hon Peter Curzon, eldest son of Lord Scarsdale, will appear before the family division to explain why he has not obeyed the County Court ruling.

Mr Curzon, 45, who lives in Florida, was arrested on Friday while lunching in an Eastbourne restaurant after his ex-wife's solicitors won a High Court writ.

The writ was granted under the rarely used law of *Ne Exeat Regno* ("shall not leave the realm") to prevent him fleeing the court's jurisdiction again.

Mr Curzon was kept in custody over the weekend after Mr Justice Wilson decided on Saturday that his "track record" of non-cooperation with the court

meant there was a real risk he would not appear tomorrow.

In June last year, he was ordered by Hastings County Court to pay a lump sum made up of £175,000 for his 13-year-old daughter, Danielle, and £400,000 for his ex-wife, Karen, who live at the former family home of Battlebarn Farm, Sedlescombe, East Sussex.

Mr Curzon, whose father, Francis, is the third Viscount, seventh Baron and 11th Baronet Scarsdale, is claiming he does not have the cash while his ex-wife insists he has substantial assets overseas.

The Curzons are one of the grandest aristocratic families in Britain. Their motto runs: "Let Curzon hold what Curzon beleave." The family can trace their ancestors back to Robert de Courson, a Norman noble

who arrived in 1066 with William the Conqueror. One forbear was George Curzon, Viceroy of India and a Foreign Secretary.

The case is the second time Mr Curzon has been involved in a bitter family dispute over cash. During the 1980s, there was an open feud between him and Lord Scarsdale over the fate of the family seat, Kedleston Hall, in Derbyshire.

Mr Curzon wanted the property sold so he could pick up 10 per cent of the proceeds. Instead, his father agreed a scheme with the National Trust under which the trust paid £2.5m to the Inland Revenue.

Lord Scarsdale retreated to a Georgian wing of the stately house and allowed the public to visit the rest. Father and son have not spoken since.

Branson set for hot-air odyssey round the world

The millionaire Richard Branson and two fellow hot-air balloonists were making final preparations last night for their attempt to circumnavigate the world in 18 days.

Branson, 46, Per Lindstrand and Rory McCarthy were told yesterday morning that ground conditions in Morocco were suitable for the launch. The Virgin boss interrupted a holiday in Klostors to go to North Africa. The trio are likely to make their attempt from a military base in Marrakesh tomorrow or on Wednesday.

Last year's attempt was aborted because of bad weather in Morocco.

This week's effort is being dedicated to the memory of Matthew Harding, the vice-chairman of Chelsea Football Club, who died last year in a he-

licopter crash returning from a match.

His company, the Benfield Group, is patron of the record-breaking attempt. The balloon's planned flight path will take it from Morocco over Algeria, Egypt, India, Bangladesh, the South China Sea, Japan, the USA and back to Britain.

Branson and his fellow fliers will encounter varying climates during their proposed 18-day flight, ranging from the heat of North Africa to the harsh winds and bitter chill of the Atlantic Ocean.

Branson almost came to grief when his catamaran *Virgin Atlantic Challenger* was holed and wrecked in August 1985 as he attempted to cross the Atlantic in record time.

He and the rest of the crew abandoned the vessel in liferafts

and were flown to safety. However, next year he captured the Blue Riband title for the fastest Atlantic crossing when his powerboat *Virgin Atlantic Challenger II* made the trip in three days, eight hours and 31 minutes. It cut two hours and nine minutes off the record set 34 years previously by the American liner *the United States*.

In 1987 Branson promised to give up dangerous exploits after the near-fatal end to his first ballooning adventure.

In the Irish Sea, after completing the first transatlantic crossing, the co-pilot, Lindstrand, jumped into the water when the balloon looked certain to crash.

The damaged craft then shot skywards, with Branson waving red underpants to attract the attention of a naval helicopter.

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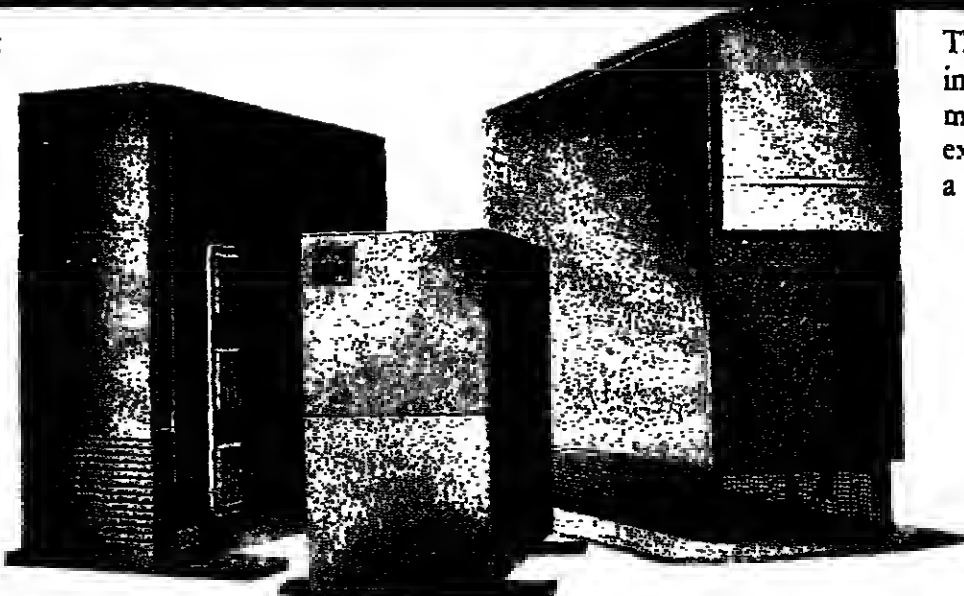
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Criminals home in on the booming new market in antiques: modern British junk

Jojo Moyes

Once it was the Stubbs painting hanging in a stately home that was at risk of the specialised art criminal. Now, apparently, the rest of the nation should consider locking up its lava lamps.

For according to Scotland Yard's Arts and Antiques unit, 60s and 70s "junk" has become the latest criminal collectible.

Detective Sergeant Dick Ellis, head of the Organised Crime Group's three-strong unit, said that where there was a market, a new breed of "renaissance" criminals would ensure that there was a supply.

"Things that were about in the 60s and 70s are now saleable. If they're saleable they're collectible and if they have a market price then people will steal them," he said.

Burglars are stealing items that 10 years ago would be considered junk, he added, for the simple reason that someone was prepared to buy it.

Many thieves watched programmes such as the *Antiques Roadshow* and found that objects which might have been out of vogue a few years ago were now back in fashion and worth a lot of money.

"We have to get away from the misnomer that arts and antiques are something rather rarefied and only found in galleries and museums. Ninety per cent of what is stolen and finds its way onto the art market is stolen from domestic burglaries.

"They are going to be ordinary pieces of silver or ordinary pieces of furniture," said Det Sgt Ellis.

Demand for such contemporary items is reflected in the fact that auction houses have responded by opening specialist departments. According to a spokeswoman for Christies new Europa Gallery, which opened last September, the auction house is now processing items manufactured as late as the 1980s.

"There's a growing demand for that kind of stuff, all the other houses are doing it now as well. We call the category modern design," she said. "I don't know if we've sold a lava lamp yet but we probably will."

The Arts and Antiques unit

exists for the dual purpose of investigating art crime and managing a database through which stolen items might be returned. Its Bannhlee Imaging System, introduced in 1991, holds details of thousands of stolen artefacts, worth anything between £50 and £500,000.

Often, when Granny's 1950s teapot or Uncle's plastic chair are entered onto the Scotland Yard database and recovered (items are entered according to whether they are identifiable, rather than their monetary value), no one is more surprised than the owners themselves, said Det Sgt Ellis.

"People are quite surprised when the antiques squad take an interest, because they don't themselves regard them as being antiques."

Stolen antiques and art is a £5bn industry, second only to drugs in global crime. Britain provides the biggest market in the world, with an estimated £500m worth of goods stolen every year.

Before Det Sgt Ellis re-founded it in 1989, there was no specialist arts unit at all. It had been disbanded in 1984, before

police recognised the strong links between art theft and other forms of organised crime.

Det Sgt Ellis said: "The biggest problem we face is communication with other police forces. We have this database on which we are prepared to put property that has been stolen from anywhere, not just London but from abroad as well, because London is a major marketplace. But the majority of police forces do not send us material," he said.

"If there's no trace of the object we are looking at, we can't say it's stolen. So sometimes it goes back to the criminal. Then months later you might find the insurer will place an advertisement [about it] but it's too late," he said.

Det Sgt Ellis recently attended a conference where international forces considered the advantages of a pan-European database.

But he is still struggling with the fact that the majority of forces in Britain do not have a database.

"If all police forces invested in a database and communicated more effectively you could

actually have a national database at very little cost," he said. This would mean thousands more people a year recovering their stolen property.

"We're able to access France, Italy and Germany from our own office and yet we can't even tell you what's been stolen in Essex."

Det Sgt Ellis also pointed out that while the British unit has a staff of three, its Italian counterpart employs 100 officers.

The failure of what could easily be an effective, national system for recovering people's belongings, he said, was also partly due to regional forces' belief that arts and antiques was an area for specialists, while what they were dealing with was household burglary. This was compounded by national statistics, in which art is lumped in with other stolen property.

"It's been a growth area for a number of years. The antiques fairs circuit has grown enormously, to the point where the market is almost saturated. It's just so easy for people to drive up the motorway, commit thefts, drive to another part of the country and dispose of the goods on the same day.

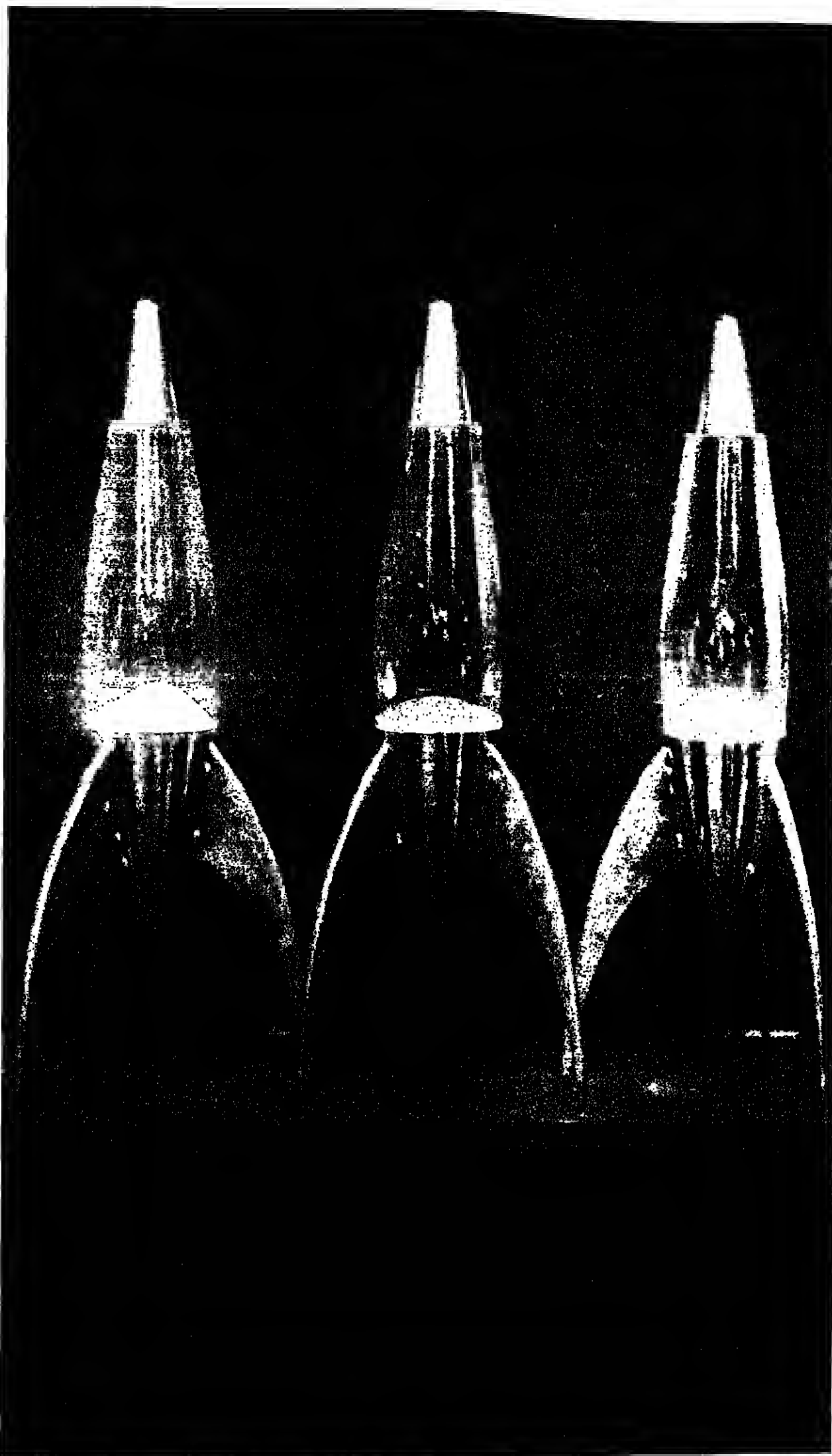
"It is similarly easy to steal art in one country and sell it in another. It requires no currency exchange and criminals can protect themselves through international law.

"From the criminals' point of view there is an area in which they can operate and resell goods and get the maximum market price themselves."

Police say these are neither amateur, nor opportunist criminals. They research their market, target their goods, and know where to dispose of them. And as targets like banks become harder, the world of art and antiques is considered gratifyingly easy.

The Arts and Antiques Unit has some 20 major investigations underway, mostly international. The unit's integration into the Organised Crime Group helped, Det Sgt Ellis said, as it provided a greater pool of resources and generally gets good cooperation from an often insular and protective market.

"But because the marketplace acts in such secrecy it lends itself to infiltration by the criminal," Det Sgt Ellis said.



Hidden value: Even Lava lamps may soon be targeted by thieves who respond to demand Photograph: Emma Boam



Dick Ellis: Facing international crime Photograph: David Rose

Nurse on murder charge denies having lesbian affair

A British nurse held in Saudi Arabia has made a "vehement" denial that she had a lesbian relationship with a colleague whom she and a fellow nurse are accused of killing, lawyers said yesterday.

It had been alleged that a lesbian affair involving Deborah Parry was admitted in statements made to police soon after she and Lucille McLauchlan were arrested over the death of

Yvonne Gilford, an Australian nurse.

However Ms Parry denied any such admission when she and Miss McLauchlan were visited by their lawyers on Saturday for the first time since their arrest.

The lawyers said the two "very confused and apprehensive" nurses had made written statements to police admitting the murder soon after their

arrest. But this was only in response to a promise that if they did so, they would be deported instead of being prosecuted, said the Riyadh law firm of Salah Al-Hejailan.

The firm said it was taking the unusual step of issuing a press statement at the "express request" of the two nurses, who were "concerned" that widespread media coverage assumed their guilt while the case

was still under investigation.

Meanwhile, the brother of the dead nurse said yesterday he would not ask for clemency if the pair are found guilty.

Frank Gilford, of Jamestown, near Adelaide, said he believed in an eye for an eye and said: "My sister wasn't shown any mercy when she was murdered."

Under Saudi law, relatives of a murder victim can ask for the death penalty, or can ask

instead for "blood money", or they can waive both rights.

In an apparent attempt to build bridges with the Saudi authorities, the family of Lucille McLauchlan yesterday thanked them for providing her with "the best possible legal representation" and said they had faith in the Saudi justice system.

The statement in Dundee by Miss McLauchlan's brother John, 28, said: "We feel sure that

Lucy will be found innocent of any crimes. We would also like to extend our sympathies to the family of Yvonne Gilford. They must be going through hell."

Miss McLauchlan, 31, and Ms Parry, 41, were arrested and jailed on 20 December, nine days after Yvonne Gilford, 55, was found dead at the King Fahd military hospital complex where all three worked.

Saudi police have said a late-night row flared up over "personal relationships", and that the two killed the Australian and used her bank card to withdraw cash, which they now deny.

The two women, in Saudi cloaks, were seen by their legal team on Saturday in the prison where they are being held at Dammam.

They were also seen separately that day by a British consular official who reported them

fit and well but "concerned" at the charges against them.

Their lawyers said that a senior police officer was present during the interviews, but the women did not seem intimidated. They added: "The withdrawal of the written statements by both nurses obviously changes the complexion of the case and we will be discussing this with the relevant authorities as soon as possible."

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Tubular hell

This week's fare rises put London's Tube among the dearest metros in the world – as well as the most underfunded, dilapidated and unreliable

Clare Garner

It is the graveyard of the London Underground. The Northern Line – known as the Misery Line – has less to recommend it than any other route on the Tube.

Away from the spick and span corridors of the Docklands Light Railway, you disappear into the bowels of Bank station. Turn right or left, north or south, there's no escape. That depressingly familiar musty, dusty smell and walls caked in dirt is the signature of Northern Line. Peeling posters spell decay, decline and decrepitude.

Although the Northern Line has come to epitomise the worst of the Underground, much of the rest is little better. Small wonder then that commuters will resent the annual price hike which sees the minimum fare in the central area rise to-day by 9 per cent to £1.20, and overall fares by 4 per cent.

London Underground needs £3.5bn over the next five years for repairs and maintenance and hopes the rises will raise an extra £44m. There may be a further increase in the summer.

It has been caught between a dramatic rise in the cost of the Jubilee Line extension – from £1.9bn to £2.6bn – and revisions to its grant from the Government.

It estimates it will be left more than £60m short for investment over the next three years. The government grant this year is £383m. Out of this, LU will have to pay a "first instalment" of £150m towards the Jubilee Line overrun.

Investment in the Northern Line is to be reduced by £42m this year, and a £100m modernisation due to start in 2001 is not now expected until 2005.

Back at Bank station, the squalor is overwhelming. From top to toe, the place is sealed in grime, showering soot from all quarters. A mouse scuttles out of a discarded Big Mac carton – a small touch that Dickens would have relished.

"High Barnet 1 minute", read the overhead train-arrival sign. Fat chance. Two, three, four, five minutes later, a cranky, old excuse of a train creaked into the station, its windows so silted up that I doubted the driver would have known whether he was in Bank or Boulogne.

You can't avoid junk food wrappers on the Northern Line. You accept rubbish as the Queen accepts red carpets. The business section of the London Evening Standard is wallpaper for the feet. Inside the train, selecting a seat is an ordeal. Should it be the saggy one with a sweaty patch marking bygone bums? Or the one with the gum encrusted on the handrest? It's best not look too closely – it was, after all, a luxury the massed ranks of rush-hour commuters never have the chance to take.

Unacceptable? Seeking a second opinion, I broke ranks and spoke to my neighbour, Adele Fernandez, 24, an organic vegetable deliverer. "It's just gross. Totally gross," she said, making her way to Camden. But, wait for it, she actually loves it. "I feel quite affectionate about it," she added, her heavily made-up eyes lighting up.

"Just knowing that every tube stop has a history behind it. It's not the McDonald's treatment that the others have, like the Central Line."

Somewhere between Old Street and Angel stations, the cranky carriages ground to a halt in the pitch-black tunnel. No announcements. Nothing. "This is typical," remarked Ms



Musty misery: Underground passengers now pay more to experience the squalor and grime of the Northern Line at Bank station

Photograph: Philip Meech

Fernandez. Could this be one of the features that inspired her bizarre affection?

At Camden Town station a man in a fluorescent orange jacket, emblazoned with the words "Cleaning the Northern Line", shuffled along the platform dragging a plastic bag. "Excuse me, I'm very busy," he said, apologising that he had no time to talk.

The wooden seats on the platform at Camden look as

though they had grown out of the walls. A woman with cropped bleached hair, multiple piercings and chipped emerald nail varnish, sobbed into a letter. "I find it comforting here," she said. "I just needed some space. It's the ideal place, you know. You see, I'm in love. Her situation – involving an Irish gay boyfriend and a jealous 'fella' hack home – would have kept Marje Proops busy for months. Why else would anyone hang

around an Underground station, least of all this one?

On to Chalk Farm. A man on crutches staggered the length of the platform, pained at the prospect of the escalators being out of order – again. "For a start, when they're designing all these changes why not put in a gradual gradient or even a bloody spiral ramp?"

10pm: en route home. Two Underground workers in navy overalls with smart matching hags had just knocked off their shift. "So what's it really like?" I asked. "An appalling shambles – constantly," said one, throwing loyal corporate caution to the wind. "An absolute mess."

Timetable of trouble	
January 1996: Announcement of 18 months of line closures and disruption to allow crucial engineering work from March 1996 to autumn 1997.	Thousands of passengers were stranded for hours in darkness.
April 1996: Power failure brought 90 per cent of the network to a standstill, leaving thousands of passengers trapped in trains in tunnels.	
November 1996: Electrical failure in a power station in west London paralysed the entire network. The back-up system also failed.	
November 1996: Mechanical failure on Victoria line led to 10,000 passengers facing serious delays.	
December 1996: Tunnel fire led to the closure of Circle and Regent's Park stations, and suspension of Bakerloo line services.	
Until July 1997: Bakerloo line closed between Elephant & Castle and Piccadilly (until May at least) for repairs to the tunnel under the Thames.	

BA faces strike ballot over plan to slash jobs and pay

Barrie Clement
Labour Editor

Leaders of more than 20,000 workers at British Airways were authorised at the weekend to call a strike ballot if the company forces through a "Day Zero" plan for massive change.

Union officials met BA management this week in a last-ditch attempt to elicit compromises from the company which is planning 5,000 redundancies as part of a £1bn cost-cutting initiative.

The company has told employees' representatives that it wants agreement by this Friday. Union officials understand that senior managers have drawn up a Day Zero plan to implement the new employment conditions on 15 January if there is no deal.

This week's talks will concentrate on management demands for wage cuts of up to 30 per cent

among ground staff at Heathrow and cabin crew working for the regional arm of BA.

While employees have been offered relatively generous severance terms if they do not accept the new package, the wage cuts are thought to be among the most severe ever contemplated by a major employer in modern Britain.

The company has admitted that managers at Heathrow have undertaken training to take over the jobs of ground staff in the event of a strike. Sources among cabin crew also believe stewards and stewardesses currently working for other airlines may also be taken on at short notice if it becomes necessary.

Union officials believe BA may be deliberately provoking industrial action in order to dismiss strikers and employ contract workers on lower rates. Senior employees' representa-

tives argue however that strikes may be the only option and that management would not be able to keep the airline going if employees walked out.

George Ryde, national official with the Transport and General Workers' Union, has elicited pledges of support from workers on the continent and in the US who have promised to refuse to handle BA aircraft operated by strike-breakers.

Mr Ryde received backing for strike ballots at a 400-strong meeting of BA shop stewards on Friday. While some of the more militant activists are anxious to take on the company soon, others are more cautious, arguing that the timing of any ballot would be critical to a "yes" vote. Some employees who have shown an interest in taking severance have been warned by management that they could lose the offer if they strike.

A number of shop stewards

believe the 15 January date for forcing through the changes may now be changed after it was revealed in *The Independent*.

Despite record profits, management is attempting to save £1bn by 2000. Robert Ayling, BA chairman, says the cuts are essential, not only for the maintenance of profits, but for the company's survival amid increasing global competition.

A spokesman pointed out that industrial action had not been endorsed by union members and that no disruption was scheduled. Contingency plans were in place however.

"We are surprised by the news from the union," he said. "It comes without warning. The union should raise its concerns with us, which it has not yet done." Without the efficiency plan jobs would be threatened by the turn of the century. Most of BA's competitors were also cutting costs, he said.

Prison gang hold warders hostage

Alan Murdoch
Dublin

Six prisoners armed with blood-filled syringes and metal bars were holding four warders hostage in Dublin's Mountjoy jail last night. They were barricaded into the recreation room of the segregation unit, which houses the most dangerous inmates.

Five warders were seized on Saturday evening as they came on duty in the unit. One was later released with a message for the governor, John Loneragan, requesting that a Department of Justice official be brought to the prison. When the official arrived, negotiations began through a window.

One of the prisoners is Paul Ward, from Crumlin, in Dublin. He is proclaiming his inno-

cence of charges arising from the murder of the crime journalist Veronica Guerin and from the alleged possession of drugs.

Three others, Eddie Ferncombe, Joseph Cooper and Warren Dumbrell, are protesting against living conditions and alleged ill treatment in various Irish prisons. The two other prisoners are also complaining over conditions, but declined to be named.

Food was provided yesterday for both officers and prisoners in the unit. Relatives of the prisoners involved were also brought into the jail.

Mountjoy dates from the 1840s and is used mainly for remand prisoners. Conditions have been causing increasing concern. The jail has extensive drug problems, severe overcrowding and many suicides.

DAILY POEM

Men against Trees

By Christopher Reid

I note that the deforestation of Brazil is going ahead at a cracking pace. Valiant feats of giant-topping! Disgrace to the ancient Empire of Chlorophyll!

Nature's strongholds surrender one by one. Even here at home, the fight continues quietly: men roam about at night snapping saplings – and not just for fun.

Burger boxes and buckled lager cans stuff the guts of older trees. On more technical missions, auxiliaries steal forth in trucks and vans.

I saw one last week on a daylight job: reversing under the boughs of an ash, he tore a limb and left an enormous gash. You had to admire the insouciant slob!

Today's selection from the shortlist for the T S Eliot Prize, organised by the Poetry Book Society, appears in Christopher Reid's *Expanded Universes* (Faber). The shortlisted poets will be reading at the Almeida Theatre, London, NL, on Sunday 12 January at 7pm. Tickets from the box office: 0171-359 4404.

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Alarm

Greeks

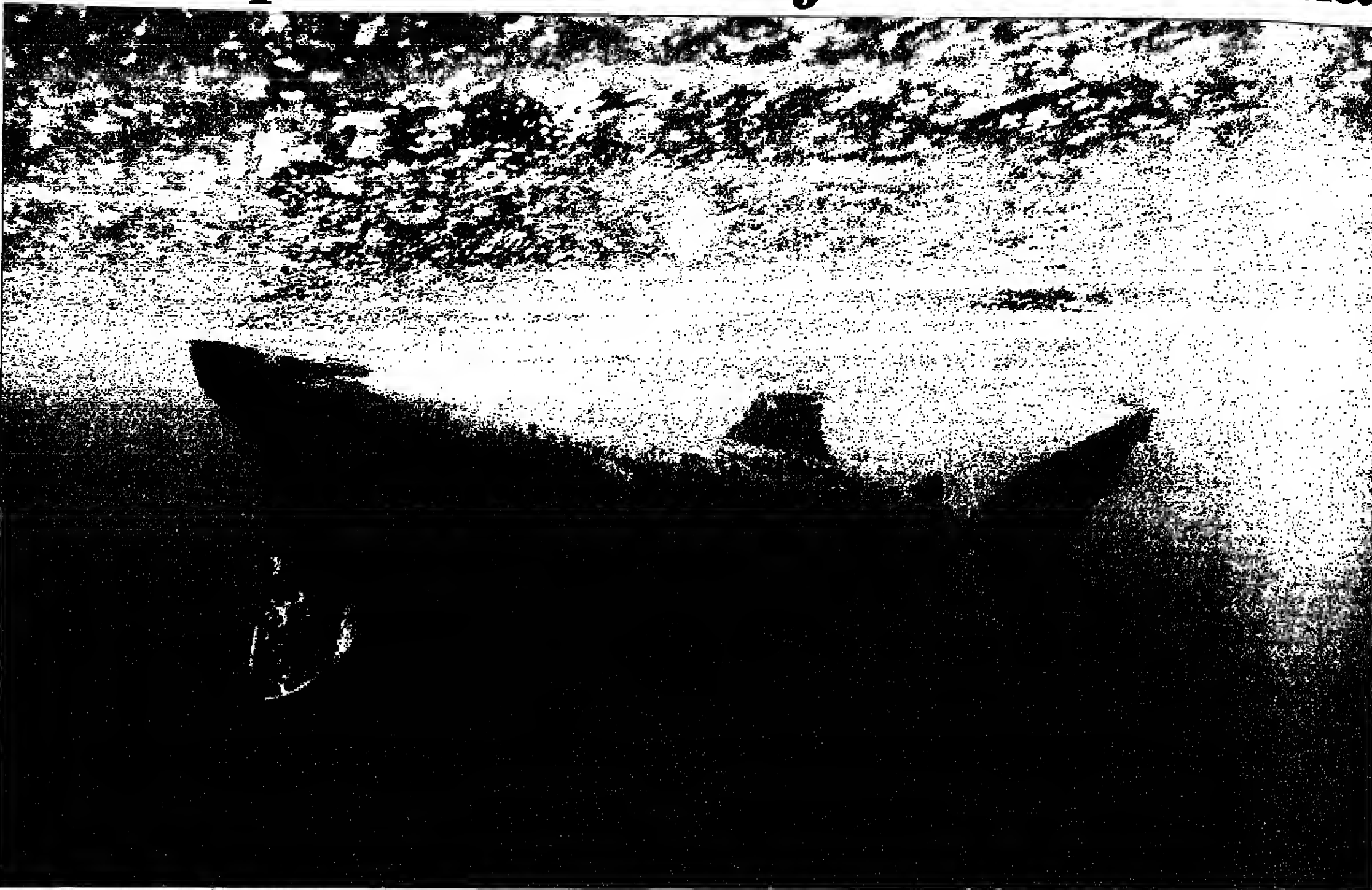
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Ministers fail to support conservationists over dwindling stocks of gentle giants in coastal waters

Shark puts Britain in jaws of dilemma



Feeding frenzy: The harmless basking shark, *cetorhinus maximus* – a regular visitor to UK waters – cruising near the surface with its mouth agape to filter plankton

Photograph: Planet Earth

Nicholas Schoon
Environment Correspondent

The Isle of Man and nature conservationists are furious about a British government refusal to back moves to protect the UK's biggest fish, the basking shark. The huge but harmless plankton-eaters, which grow to more than 30ft and weigh five tons, are at risk from over-fishing. Their fins are the ones most prized by the international trade for shark-fin soup.

More than nature conservation is now at stake. The basking shark is clouding the sometimes troubled relations between the semi-independent island and Britain.

Surveys have found a rapid decline in the number of basking sharks visiting Isle of Man waters. But while the Manx government forbids fishing for the sharks within its 12-mile limit, the UK government is refusing to support wider moves to control and monitor the global trade in shark products.

The Manx government has formally requested the Department of Environment in London to propose to other nations that the shark be covered by Cites – a treaty which regulates the trade in endangered species. The department has refused, claiming there is insufficient proof that it is under threat.

The Manx government is unable to make its case to Cites directly because the UK runs the Isle of Man's foreign relations. Manx ministers think Whitehall has no right to reject its request to put forward the shark proposal to other treaty nations.

Steve Rodan, a member of the House of Keys, the Manx Parliament, and the island's own department of the environment, said: "I'm very concerned that the UK government is choosing not to promote our interest."

He said provided the Manx request was reasonable, which it was, "the Government has a duty to do so".

Dr Simon Lister, director of

the nationwide network of county Wildlife Trusts, said: "I'm furious... it seems outrageous that one or two officials in the Department of the Environment have taken it upon themselves to block this very worthwhile proposal."

Dr Lister wants the Secretary of State for the Environment, John Gummer, to take a direct interest.

The Worldwide Fund for Nature and the Manx government have pleaded with the DoE to think again. There are just five days left before nations have to submit their proposals for the next Cites treaty meeting, in Zimbabwe in June.

Labour's campaign co-ordi-

nator on the environment, Joan Walley MP, has asked for an urgent meeting on the issue with Mr Gummer.

The DoE says its own scientific advisers believe there is insufficient evidence to back the proposal and not enough time to consult with other countries.

But Dr Sarah Fowler, a leading shark authority, said there had been several occasions around the world when over-fishing had caused collapses in basking-shark numbers, including one off Ireland's north-west coast in the 1950s. Sharks are slow breeders, with females taking decades to reach sexual maturity and bearing only a few young each year.

They used to be caught for their liver oil but now the main threat comes from rising demand for their fins. In Singapore, they have been fetching over £200 a kilogram. The nearest place to Britain where they are caught deliberately in large numbers is Norway, where some whaling boats now harpoon them.

Several hundred of the sharks arrive in the waters around the Isle of Man each summer. They swim near the surface with mouths gaping wide. Each hour a water volume equal to a large swimming pool passes through their gills and the plankton is filtered out on "rakers" attached to them.

Ken Watterson, who runs the Manx basking-shark project and the sighting surveys, said: "In the last few years the numbers around here have gone from thousands to hundreds."

The proposal to Cites from the Manx government would not ban the international trade in shark products, but it would make treaty nations monitor it, and reduce it if it was shown to be unsustainable.

The proposal would probably run into insurmountable opposition from South-East Asian countries, which do not want Cites covering fish stocks. But, say conservationists, merely getting it debated would be a start.

Seas alive with sound of whale song

The seas off Britain and Western Europe are alive with the sound of whale song, a highly sensitive US hydrophone system has revealed, writes Nicholas Schoon.

Even the rarest and largest of the whales, the blue, is often heard in Atlantic waters beside the UK.

The mysterious vocalisations of the great sea mammals have been recorded using arrays of hydrophones fixed to the seabed as deep as 10,000ft. They were laid in the North Atlantic to detect Soviet nuclear sub-

marines heading out on patrol or returning to port.

Now the whale sounds they picked up have been made available to US and British scientists who are highly enthusiastic about their value in studying numbers, ecology and behaviour.

The blue has the loudest song; a pure basso profundo tone lasting some 15 seconds at between 10 and 20 hertz (cycles per second). In air it would be too low for the human ear to hear, although you might feel the atmosphere rattle.

Christopher Clark, head of bioacoustics research at Cornell University in New York State, said: "You can have a hydrophone in the Caribbean picking up a blue whale singing off Newfoundland, a couple of thousand miles north."

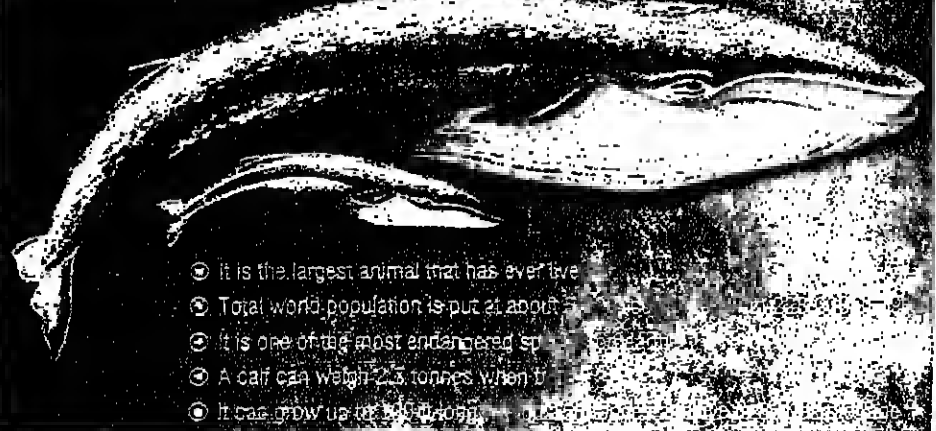
"Whenever you listen on these arrays you can hear between 10 and 100 singing across the North Atlantic. Some days it's like going into the woods on a spring morning and hearing all the birdsong."

The sound is thought to be used to attract mates, but he-

cause it is heard out of the mating season, can carry huge distances in deep water and echoes off islands and coasts, Dr Clark believes the song is also a navigational aid.

Two years of listening to the recordings have shown there are populations of blue, fin, humpback and minke whales which remain all year round in the waters off Britain and Norway. But the numbers of blue, once hunted to the brink of extinction, are still small: in the entire North Atlantic there are only thought to be around a thousand.

The Blue Whale



- It is the largest animal that has ever lived
- Total world population is put at about 100
- It is one of the most endangered species
- A calf can weigh 22.5 tonnes when it is born
- It can grow up to 30 metres long

Internet watchdog slow to sniff out porn

Charles Arthur
Science Editor

A high-profile industry initiative to clean up the Internet has received just 34 calls in its first full month of operation.

Of those, only half were alerting it to material which actually was illegal, according to David Kerr, chief executive of the newly formed Internet Watch Foundation. He said "half a dozen" of those – all involving child pornography – had been reported to the police. None originated in the UK.

Internet Watch – originally known as Safety Net – was started in September in a blaze of publicity. Ian Taylor, the science and technology minister, and the head of the Metropolitan Police's vice unit gave it their public backing, and it received £500,000 funding from Peter Dawe, founder of Pipex, one of the UK's biggest companies providing links to the Internet.

Although Mr Taylor said the scheme was not an attempt to legislate the Internet, Mr Kerr now thinks that the time is ripe to begin "rating" Internet discussion groups (known as "newsgroups") and "pages" on the World Wide Web – a move that could cripple the usefulness of the global network for research and discussion.

There are about 22,000 newsgroups, dealing with a vast range of topics. Of those, hundreds of newsgroups deal with sex – either in text or with pictures. Almost all the reports to the foundation derived from postings from other countries to sex-related newsgroups, which are accessible internationally.

A rating scheme would act like a film censor's certificate, giving a broad-brush guide to the content of a page. Rating most newsgroups would be routine, said Mr Kerr: "People in the industry tell me you could quickly narrow it down to 1,000 newsgroups requiring careful consideration."

A newsgroup would be rated according to its "usual content", rather than requiring people to rate their postings as they sent them in. Web-page authors would be expected to rate their own pages.

The ratings would work in conjunction with software on a user's computer. A parent might thus allow a child to view material judged suitable for 12-year-olds but not 16-year-olds.

The proposal was immediately attacked by Malcolm Hetty, a programmer who runs the Campaign Against Censorship of the Internet in Britain.

"Newsgroups already have a classification system: it's their names," he said. "It's how you get to a particular sort of material, no matter what subject it is. It only works because it's down to the user's choice of what to read or write about."

"If you try to apply some rating to that, and remove the user's power, then you'll get displacement. People will try to circumvent the ratings by putting the material into another newsgroup so people can see it."

This could mean that more newsgroups would have to be more strictly rated – reducing the useful information available.

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international

Mitterrand's spirit takes a bow as France tunes up for grand finale

One year after his death, the nation prepares to fête its former president. Mary Dejevsky reports

Paris — The shadowy orchestrators of public life in France are tuning up for one of this year's most elaborately arranged, and probably least consequential, commemorations: the first anniversary of the death of the country's former president, François Mitterrand, which falls this Wednesday.

A special stamp has been issued, with first-day covers sold in Paris — beneath the controversial glass pyramid of the Louvre that Mitterrand had built — and in Chateau-Chinon, at the town hall of this Morvan town where he was mayor. The broadbrimmed black-felt hat that became a Mitterrand trademark has been donated by his widow, Danielle, to the national hat museum near Lyon.

His political foundation, set up to catalogue his archives and pursue Mitterrandist research, has been inaugurated — at a strictly private occasion — by the Mitterrand family and by Mazarine Pingeot, the former president's illegitimate daughter. It was to her, now a student at one of France's elite colleges, that he left his papers.

Later this week there is to be a two-day memorial conference at Unesco on questions of international development, with participants and topics of a distinctly Eighties "retro" flavour.

And, on Saturday, the Mitterrand court — the family and the couple of dozen other people who were accepted into his immediate orbit — will gather at Jarnac, the grey Cognac town where François Mitterrand was born and is buried. A street will be named after him, a statue unveiled, and red roses laid at his grave.

The former president's death was announced at 11am on 8 January 1996, barely half a year after he had left office; only days after he had submitted his last writings to his publisher. In the final week of his life, it was said, he had retired to bed at his Paris flat-cum-office, refusing all food and all medicines, awaiting the end.

A year on, so the polls say, the French think that, as president, Mitterrand did more good than bad (53 to 43 per cent). A bigger majority (65 per cent to 34) consider that he was a good, even a great, president — but not as good or as great as De Gaulle.

The black spots on his time in power are seen as his failure to curb unemployment, the economy, and "morality in public life", but they are generally regarded as less black than the sins of the present government, perhaps because they are so uncontroversial in the past.

It is, perhaps, by comparison with the unpopularity of the present government and president that Mitterrand's memory seems suffused with such a rosy glow. But the ambiguities that surrounded his last years in office are never far away.

"Is it one year already? ... Is it only one year?" was the response of one analyst, reflecting the extent to which François Mitterrand was already being regarded posthumously when he died, but also the extent to which his figure has stubbornly refused to fade out completely over the past year.

True, some of the question-marks that hung over his character and his behaviour seem to have been buried with him. His role as collaborator or resistance fighter under the Vichy regime, for instance, has been generally left as a query in recent accounts. The dubious dealings and the suicides in his entourage that scarred his second term as president have also been crowded out of immediate public consciousness by revelations about those who are still alive and closer to power today.

One of the greatest scandals of Mitterrand's presidency, however, the succession of published medical reports from 1982 on that made no mention — on his instructions — of the cancer that eventually killed him, has been perpetuated by his heirs. Thanks to the closed ranks of the French establishment and particularly to its judicial wing, the Mitterrand family is deemed to enjoy the right to privacy accorded by French law to the living.

The Big Secret, an account of Mitterrand's illness by his doctor of 10 years, Claude Gubler, is still banned after a law suit brought by his family. Danielle Mitterrand has occasionally seemed to waver as she expresses support for free speech, but the judge came to her rescue. He spoke of a "gross violation of personal privacy"; the truth did not come into the argument.



Living in memory: François Mitterrand, who died last January of the cancer he denied he had. Photograph: Brian Harris

though, is likely to attract particular attention, and could offer Dr Gubler modest consolation. By Georges-Marc Benamou, one of Mitterrand's "courtiers", it not only confirms the 1982 cancer diagnosis but also gives a merciless description of the former president's last New Year's Eve, when he was too ill to stand by himself,

too ill to eat at the same table as the other guests, too ill to stay up until midnight.

"His face was a funeral mask, a face from which all the blood had flowed out, grey, parchment, transparent ... But his gaze held, and that was the only trace of life you could still discern." A mortal, in brief, whose end was nigh.

significant shorts

'Progress' in Hebron troop pull-out

The Palestinian leader Yasser Arafat and Israeli Prime Minister Benjamin Netanyahu met for three hours early yesterday in an unannounced summit at the Erez crossing between Israel and Gaza. Both sides reported progress towards Israeli redeployment in Hebron.

The Palestinians are demanding a binding timetable for troop withdrawals from rural areas still under Israeli military supervision.

According to the Oslo agreement, these should have begun last September and ended one year later. Mr Netanyahu is reported to have offered to start the withdrawals in March this year and complete them in March 1998. Mr Arafat insisted that he kept to the original schedule. He fears Israel will try to stall once the Hebron issue is out of the way. *Eric Silver, Jerusalem*

Yeltsin holds out over Nato

The Kremlin is prepared to discuss relations with Nato but remains firmly opposed to the alliance's plans to expand eastwards, President Boris Yeltsin's spokesman said yesterday.

The comments by Sergei Yastrzembsky dampened the optimism expressed by German Chancellor Helmut Kohl after weekend talks with Mr Yeltsin. Mr Kohl is the first Western leader to see Mr Yeltsin since his heart operation. *Reuters - Moscow*

Muslims kill 16 in Algeria

Muslim guerrillas in Algeria killed 16 people overnight in a village in Blida province, 50 km south of the capital, Algiers, the Algerian security forces said yesterday.

News of the killings came one day after Prime Minister Ahmed Ouyahia claimed his government had largely quashed the five-year-old Muslim guerrilla struggle. *Reuters - Paris*

SA police seize two whites over blasts

South African police have arrested two white men in connection with yesterday's three bomb blasts near Johannesburg, the second incident in two weeks involving attacks by suspected white rightwingers. The explosions at a mosque, post office and shop occurred around midnight near Rustenburg. Two black men sleeping at the mosque were slightly hurt in the explosion. *Reuters - Johannesburg*

Russia 'out of Chechnya'

All Russia's Interior Ministry troops have left the rebel region of Chechnya, a top ministry official told the RIA news agency yesterday.

Lieutenant-General Pavel Maslov, chief of staff of the Interior Ministry troops, did not say when the withdrawal, ordered by President Boris Yeltsin, had been completed. *Reuters - Moscow*

African crisis talks

Kenya's President Daniel arap Moi flies to Zaire today for a meeting with President Mobutu Sese Seko to discuss the crisis in the Great Lakes region, Kenyan Foreign Minister Stephen Musyoka said yesterday. The meeting follows last month's Nairobi summit of 10 African leaders, boycotted by Kinshasa, which discussed the situation in central Africa after Tutsi rebels took control of eastern Zaire. *Reuters - Hapara*

Farrakhan visits Libya

Louis Farrakhan, the US Nation of Islam leader, arrived in Tripoli yesterday, the official Libyan news agency, Jana, reported. The agency gave no details about the visit of the controversial black Muslim leader, who was awarded a \$250,000 (£148,000) prize by the country during his last visit in August. *Reuters - Tunis*

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White-out paralyses Spain in worst winter for 20 years

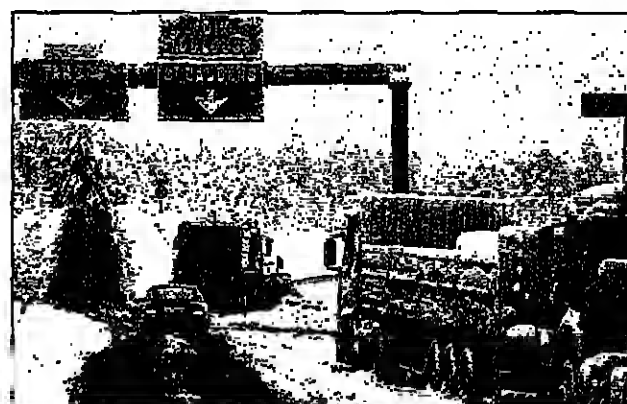
Elizabeth Nash
Madrid
Mary Dejevsky
Paris

Spain was paralysed by snowstorms yesterday, with roads out of Madrid blocked in all directions. Motorists were urged not to venture out at all, or if they had to, only with snow-chains. Siberian conditions in the harshest winter for 20 years have claimed 18 lives in three days.

Forecasters predicted more snow today, when millions of Spaniards will be returning from Christmas and New Year holidays.

More than 500 towns and villages in the northern half of the country were unreachable by road and without telephone and electricity yesterday, and the rail network was virtually at a standstill. Trains between Madrid and Paris via the Basque border town of Irun were suspended.

In the south, the worst rainstorms for a century have inundated Andalusia, causing rivers to burst their banks and destroying most of the strawberry crop. In search of a prece-



Slow progress: A car crawls along behind a snow plough in the French Pyrenees, where many roads are closed

dent, January 1561 is being cited, when the port of Malaga was surrounded by water and had to be supplied by boat.

In a hillside cemetery near Motril in Granada, human remains in 120 graves had to be carried to safety when landslips threatened to dislodge tombstones and push out the coffins.

In France, the return home at the end of the Christmas and New Year break, normally one of the busiest weekends of the winter, was reduced to chaotic

uncertainty as major routes in the southern, central and eastern parts of the country were blocked by snow and ice. Some ski resorts organised convoys, led by snow-ploughs, to help holidaymakers depart.

The state railway company, SNCF, came in for severe criticism from passengers marooned in some cases overnight, when ice and snow immobilised dozens of the country's state-of-the-art high-speed trains (TGVs). More

than 30,000 people had their journeys disrupted in south-eastern France at the start of the weekend, with 10,000 having to spend the night on trains or in stations.

Passengers emerged gingerly from trains stranded at snow-bound country stations in scenes reminiscent of *Dr Zhivago*. Some trains from the south-east arrived in Paris after epic 25-hour journeys, five times longer than usual.

Ice trapped all Bordeaux's high-speed trains in the city's main station, though by yesterday a limited service had been laid on using diesel trains. But angry passengers were asking why SNCF had not warned of difficulties, why there was so little information for stranded passengers and those meeting them, and why the network had seized up so disastrously.

Louis Gallois, head of SNCF, said station officials had not known where the trains were and that the weather — extreme cold and high humidity which had iced-up the cables — was exceptional. In a somewhat half-hearted apology, he added: "We are not perfect — no one is."

Bangui mutineers die in French revenge attack

Raphael Kopessou
Reuters

Bangui — French troops killed 10 Central African Republic army mutineers yesterday in a helicopter and tank attack launched after two French officers with a multinational mediation team were killed.

A defence ministry spokesman in Paris said the overnight operation targeted mutineers' command posts in Kassai army camp and other rebel-held areas of the capital, Bangui. A further 30 mutineers were taken prisoner.

Spokesmen for the mutineers put the death toll at 21 and said seven civilians had also been killed around their headquarters in Patevo district.

"France is determined to take on the rebels," a French

military spokesman, Colonel Henri Pelicier, told reporters in Bangui, adding that French troops had taken control of the port, its fuel supplies and a short-wave radio transmitter.

The Central African Republic is in the grip of its third army revolt within a year. French troops, in the former colony under a defence pact, intervened to keep President Ange-Felix Patasse in power during the second revolt in May.

Hundreds of people have been killed in violence associated with the revolts which have turned into a campaign to oust Mr Patasse, a civilian elected in 1993 during the impoverished nation's democratic transition.

French officials said yesterday's operation was one of self-defence following the killing on Saturday of the two soldiers.

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Power ebbs from Serb Socialists

Protesters take to their cars and block Belgrade

Andrew Gumbel
Nis

Nobody has got married in Nis, Serbia's second city, since 17 November. No builder has been able to apply for planning permission, and no traffic fines have been enforced. Officially, no babies have been born, and even the dead have yet to have their names registered. The only municipal service still functioning is a counter for the payment of local taxes.

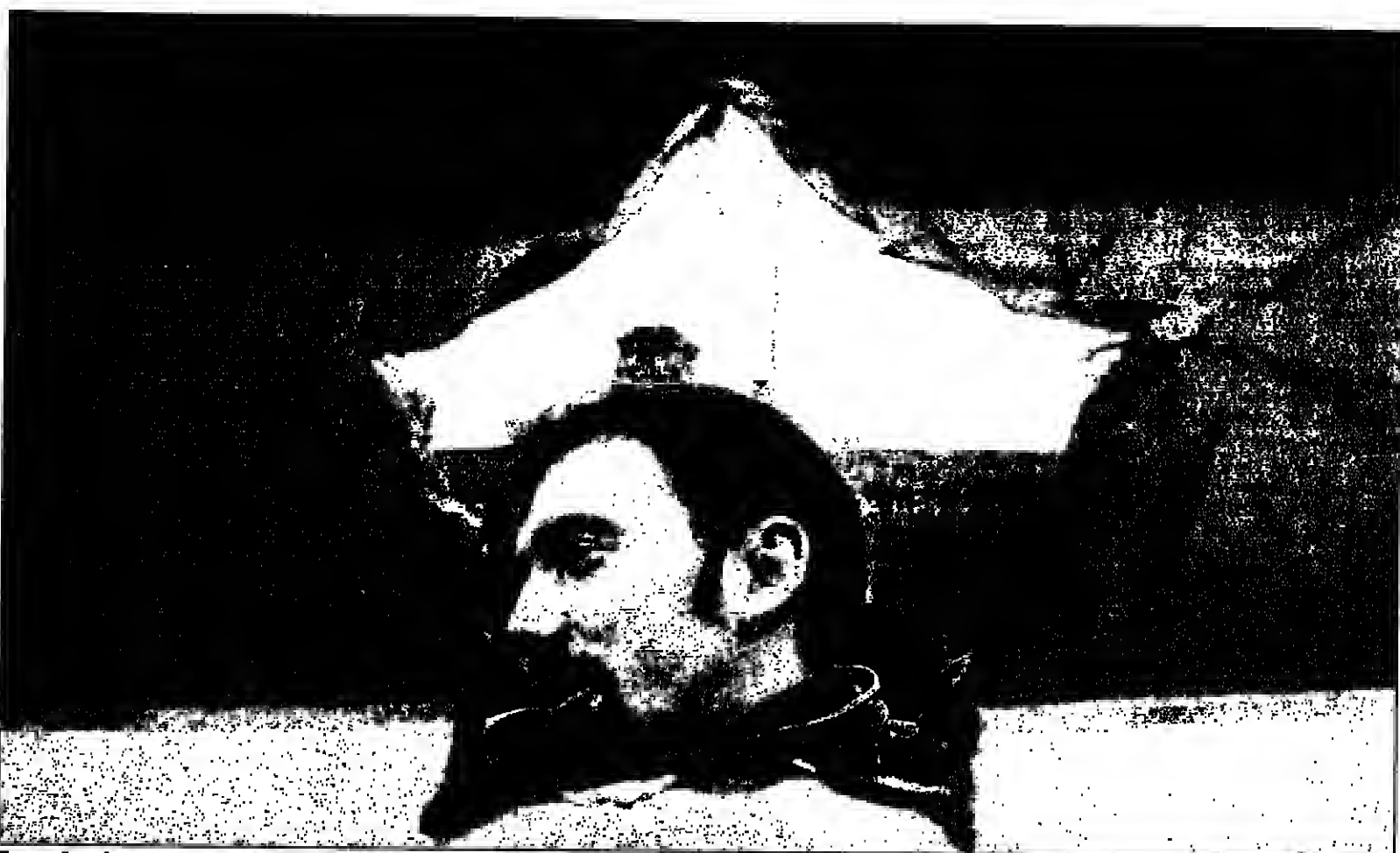
This grim industrial city near the Bulgarian border, where the massive anti-government protests rocking Serbia first started two months ago, has effectively ground to an administrative halt. The ruling Socialist Party may have refused to admit defeat in the local elections whose annulment sparked off the protests, but it has also given up any pretence that business is continuing as usual.

The large crowds that turn out in Nis's main square every afternoon before marching in procession around the centre, erode the confidence of people who sense they are on the brink of victory. President Slobodan Milosevic's notorious local overlord, Milija Ilijic, resigned a couple of weeks ago and his erstwhile underlings have buried themselves out of public view.

The ranks of riot police that lurk menacingly on street corners in the Serbian capital, Belgrade, are absent here. The opposition may not yet have the keys to the city hall, but it has full control of the streets and, more importantly, has won over the hearts and minds of much of the city's population.

Not only do the citizens turn out in their thousands each day to listen to local politicians, they also wave on the crowd from their high-rise apartment blocks, flicking their lights on and off in the twilight and dropping balloons down onto the streets. Local army commanders have made it known that they, too, are on the demonstrators' side.

"There is no doubt we are going to make it in the end. Not only did we win the elections, but the daily rallies have brought



Face of resistance: Opposition to Serbia's governing party shows no signs of abating

Photograph: Reuters

more and more people on to our side. It is only a matter of time," said Svonimir Budic, chief anaesthetist at Nis hospital and local head of the opposition Serbian Renewal Movement.

The turnaround is remarkable in a city traditionally considered a Socialist stronghold, a Tito era industrial centre built under a 1940s Five Year Plan. Although there are plenty of reasons for the ruling party to be unpopular—notably the racketeering culture that has developed since war and international sanctions devastated the city's industries—the opposition did not expect to win the elections, and the Socialists certainly did not expect to lose.

Indeed, the ruling party was so foolishly confident that it arranged for a sympathetic local radio station to provide live

coverage of the election results as they came in, sending out no fewer than 18 reporters with mobile phones to the various polling stations.

As a result, the Socialists unwittingly became the messengers of their own defeat. When the election results were annulled two days later, the people made for the streets immediately—48 hours ahead of the students in Belgrade.

The Socialists have been rapidly losing their grip ever since. First, the courts urged the local electoral commission to recognise the true result (it did not). Then the riot police disappeared off the streets. Now the opposition has claimed that senior Socialists have admitted trying to rig the result through ballot-stuffing and that one of them, Mr Ilijic's deputy

Branišev Todorovic, has offered to deal dirt on his colleagues in exchange for immunity from prosecution.

The local electoral commission, in concert with the Belgrade authorities, persists in

refusing to acknowledge the opposition victory. Nis's mini-revolution has its limits, however. Barely six miles into the surrounding countryside, where the population has access only to the heavily-biased State media, the demonstrations inspire no sympathy. "The opposition is just hungry for power," one farmer said. "Milosevic is the man of the people, the one who will protect us. I know, I saw it on TV."

Andrew Gumbel

Belgrade — With horns honking and firecrackers exploding in the murky midwinter air, anti-government protesters paralysed the centre of Belgrade yesterday with a slow convoy of spluttering cars that broke up police lines and enabled tens of thousands of marchers to roam through the streets at will.

It was the largest demonstration in the Serbian capital for weeks, and despite the stench of exhaust from the rickety Yugo cars the mood was irrepressibly optimistic as opposition leaders once again demanded that their victories in November's municipal elections be recognised.

The police, sitting in a collection of rusty coaches and patrol cars parked outside the parliament building, kept their own engines running but were unable to do more than look on bemused.

Just before Christmas, the government banned marches on non-pedestrian streets, restricting the demonstrators to a small cluster of cobbled shopping alleys and raising the tension between them and riot police lined up a few yards away. Yesterday's car blockade broke that deadlock, further raising the pressure on President Slobodan Milosevic as he seeks a face-saving way out of the crisis.

The opposition, fearing the possibility of a violent crackdown, made a special effort not to antagonise the police, saying they sympathised with the fact that they had to waste their time on the streets and urging them to join the protests. The crowd waved at the police van and brandished sprigs of foliage, a symbol of peace for the Serbian orthodox Christmas which falls tomorrow.

Mr Milosevic was under further pressure from Nebojsa Covic, the outgoing Mayor of Belgrade and a moderate member of Mr Milosevic's Socialist Party, who threatened to resign this weekend amid clear signs of disagreement with his leader. Mr Covic is known to be strongly opposed to police intervention in the crisis, and yesterday an opposition newspaper reported that he had met Mr Milosevic and urged him to recognise the election results in full.

The students, who have been demonstrating alongside the opposition in Belgrade, made their own ultimatum, meanwhile, saying they would start a permanent round-the-clock protest on the streets from Thursday unless the riot police were removed before then.

They have organised meetings for this morning with the interior minister, who is responsible for the police, and the armed forces chief of staff.

Alarm at Cyprus Greeks' missile deal

Christopher Bellamy
Defence Correspondent

The Greek Cypriots have signed a deal to buy advanced surface-to-air missiles from the Russians. Turkish officials said yesterday. The sale increases concern about a build-up of arms on the militarised island.

British sources in Nicosia said they had had no confirmation that the deal to buy Russian S-300 missiles, which have a range of 90 miles, had been signed, but that they had known for some time that it was about to be concluded.

Turkey's Defence Minister, Turhan Haktanir, said: "This situation will undermine peace in the region." However, a Cyprus government spokesman, Yianakis Cassoulides, said: "The

Cyprus Republic has the legitimate right to strengthen its defences so its people cease to be hostages of the Turkish occupation forces."

The S-300s mark a dramatic advance in Cyprus's ability to shoot down aircraft. With them it could hit planes in nearby Turkish airspace, neutralising the overwhelming air superiority Turkey has enjoyed over the island since 1974.

Greece and Turkey are the only two Nato countries where there is a real risk of armed conflict, and each backs its ethnic brothers on the island. For the Greek Cypriots to buy Russian missiles is also a small boost for Russia, which is desperate to sell its hi-tech weaponry to raise hard currency.

Diplomatic sources said yesterday that the purchase was significant in the context of general concerns about an arms build-up. "The Cyprus government has admitted to some journalists this is a tactic to get world attention, but it is a risky game to play," one diplomat said.

The move may be designed to increase pressure for a settlement of the situation on the island before talks begin next year on Cyprus's possible accession to the European Union. Turkey wants to join the EU as well, so a solution would be timely for both sides.

Since the Turkish invasion in 1974, Cyprus has been split between the internationally recognised republic in the south, largely peopled by Greek Cypriots, and the "Turkish Republic of North Cyprus", recognised only by Turkey. Turkey maintains a massive military presence in the north, having an entire corps of 30,000 troops there, and there are also about 5,000 troops belonging to the North Cyprus republic. The Greek part of the island has more people (700,000), but fewer forces: about 10,000 Cypriots with 1,000 advisers from mainland Greece. There are also 4,000 British troops in the separate sovereign base areas and 1,000 UN troops maintaining the cease-fire line between Greeks and Turks.

It is understood the missiles may be deployed to defend an air and naval base under construction on the west of the island, which is less threatening to Turkey, although Greece and Turkey also remain in dispute over certain islands in the Aegean Sea.

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Lame duck Gingrich set to limp on

Rupert Cornwell
Washington

Despite the continuing furor over his ethical lapses, Newt Gingrich is expected to be re-elected Speaker of the House when the 105th Congress convenes for the first time tomorrow. How long he holds the post thereafter, however, is another matter.

For the time being, a ferocious campaign to keep the flock in line seems to have succeeded. Of the 227 Republican congressmen, only one yesterday was still voting to vote against Mr Gingrich, and half a dozen, at the very most, are expected to abstain – far from sufficient to

overturn the party's 20-seat majority in the new House. To a man, Republican leaders insist that Mr Gingrich will win, and will do so with something to spare.

But that may be merely the beginning of his problems. Despite the facade of near-unanimity, many Republicans are profoundly uneasy at the decision not to postpone the election until after the bipartisan Ethics Committee, which found Mr Gingrich guilty of seven offences, has published its full report, and debated and voted upon his punishment.

That may not take place until 21 January. In the meantime, the committee has been forced to deny in-

sistent rumours that it has struck a deal with Mr Gingrich whereby the Speaker would admit his sins in return for a modest reprimand that would permit him to keep his job. A formal censure, by contrast, would force him to resign.

No one, however, knows how damning the final report will be, nor how public opinion – thus far mightily indifferent to Mr Gingrich's holiday-season problems – will react. So, argued a *New York Times* editorial yesterday, why not wait? Simply, the paper said, because Republican leaders "fear that if they cannot railroad him back into office on Tuesday, he will never be re-elected".

But the Democrats' position is equally ambiguous. For all the frothing against Mr Gingrich, and the party's understandable desire to exact revenge on the man who in 1989 forced the resignation of a Democratic speaker on equally minor ethics offences, they know full well that the re-election of a tainted and diminished Gingrich could serve their interests best of all.

Every day he remains Speaker will be one less day of attention to President Clinton's own ethical travails, ranging from the row over dubious Democratic campaign contributions to Whitewater and the Paula Jones sexual harassment case.

Each is potentially more serious than the somewhat arcane sins to which Mr Gingrich has pleaded guilty – of unintentionally misleading the Ethics Committee and improperly using tax-exempt donations to finance a pro-Republican college course taught by the Speaker until 1993.

A more distant, but already potent, calculation for Democrats are the 1998 mid-term elections. Especially under a re-elected President, the party which holds the White House tends to lose ground in Congress. But if the Speaker's chair continues to be occupied by America's single most unpopular politician,

that law may no longer apply. Helping Mr Gingrich is the lack of an obvious alternative. Whatever his peccadilloes, he remains the undisputed leader of House Republicans. Neither of his two immediate deputies, Dick Armey, majority leader, and the Republican Whip Tom DeLay, have a similar following, while the 22-year Illinois Congressman Henry Hyde – a grandee who is as morally unimpeachable as Mr Gingrich is suspect – insists that he does not want the job.

Whatever the outcome, whether Mr Gingrich stays or goes, a brief but vivid interlude of congressional

history is ending. The "Republican revolution" which rode to triumph in 1994 is a spent force, and Washington's watchwords at the start of 1997 are compromise, bipartisanship and "the vital centre".

The feud over Mr Gingrich may bring such noble thoughts to naught. But his weakness means that the House almost certainly will revert to a traditional and less abrasive power structure.

In his first two years, he was the most despotic Speaker in modern congressional history. Now power will return to the major committees, where horse-trading and cross-party deals are a way of life.

Turkey forges a 'G7' for Muslim world

Christopher De Bellaigue
Ankara

Senior officials from seven Muslim countries gathered in Istanbul at the weekend as the guests of Necmettin Erbakan, Turkey's first Islamist Prime Minister. Their aim was to prepare the ground for the inaugural summit of a multinational organisation called the Developing-Eight (D8), to be held later this year.

The meeting, attended by foreign ministers from Iran, Pakistan, Nigeria, Bangladesh, Malaysia and Indonesia, as well as an Egyptian foreign ministry official, was the realisation of a personal vision for Mr Erbakan. His Welfare Party came to power in a coalition with the True Path Party last June. Already, Mr Erbakan is on the way to forming a club which represents 740 million people, from eight of the world's largest Muslim nations.

The D8 reflects Mr Erbakan's preferences. Short on potentially fractious Arabs (Egypt is the only Arab member), a smooth-working D8 will, Mr Erbakan hopes, constitute a developing world equivalent to the G7, the Western club of industrialised nations. The aim of the new club, according to Mr Erbakan, is nothing less than "refashioning the world order".

Mr Erbakan has his work cut out. Average per capita income in G7 countries is \$27,000

(£16,000). In the D8, it is just \$1,500. While trade volumes between D8 members are expected to increase as a result of the grouping's formation, Turkey's own dependence on trade with the West is illustrated by the fact that 64 per cent of foreign firms active in Turkey are from European Union countries, and just 4 per cent from Muslim ones. The D8's most dynamic economies – Indonesia and Malaysia – have not succeeded by turning their backs on the West.

Nevertheless, the organisation's exclusively Muslim membership has prompted fears that it has been formed to indulge Mr Erbakan's well-known distrust of the Christian West. Since coming to power, Mr Erbakan has assiduously courted the Muslim world, conspicuously failing to set foot inside the EU, with whom Turkey signed a customs union agreement in 1995. Tansu Ciller, the True Path leader and Mr Erbakan's Foreign Minister, says the D8's Muslim composition is incidental. Few believe her, especially since she began sharpening her criticism of the EU's "Christian" nature.

Europhile Turks say Iran's membership of the D8 will only reinforce the perception that Turkey is ditching the West in favour of unpredictable Middle Eastern friends. In August, Mr Erbakan signed a \$23bn natural

gas deal with Iran. This – and a visit to Turkey last month by Iran's President, Akbar Hashemi Rafsanjani – upset the US, which wants to isolate Iran internationally. Yesterday Iran's Foreign Minister, Ali Akbar Velayati, confirmed that Mr Erbakan had suggested "wide-ranging defence co-operation" between Turkey and Iran.

Few expect such co-operation to take place. When Mr Rafsanjani was in Turkey, the secular military made it clear that the Iranian President would be denied access to sensitive sites.

While he was in opposition, Mr Erbakan bitterly attacked a defence co-operation agreement which Turkey had signed with Israel, and which had elicited criticism from Turkey's Arab neighbours. Once in office, he was obliged to put his signature to another, earning accusations of betrayal from the same sources which had welcomed his rise to power. Even now an enduring US military presence in Turkey testifies to Mr Erbakan's grim-faced genuflection to his generals' demands.

Western-oriented Turks hope Mr Erbakan will be similarly reined in with regard to the D8. Should he think of abandoning customs duties on trade with D8 partners – as he has hinted – he will fall foul of the EU, whose customs union with Turkey has brought with it strict rules on trade with third countries.

While the nation prays, Peru's police wait in the shadows



Peruvian paramilitary police, cast shadows on the 15ft wall, surrounding the Japanese ambassador's residence in Lima, where the ambassador and 73 other hostages spent their third weekend held by guerrillas. Civilians prayed, lit candles and appealed for the hostages to be freed. Photograph: AFP

Afghans ordered to make heavens open

Kabul, Afghanistan (AP) — The Taliban Islamic militia forced thousands of people in the capital yesterday to pray for rain in the country's parched rural areas.

Radio Shariat, mouthpiece of the militia, ordered people into mosques for the prayers. In

recent months there has been little rain or snow in Afghanistan, which depends on both for drinking water and irrigation.

"Today's gathering may become a sign to God of a lack of rain and snow for Afghanistan," a cleric told more than 5,000

people at Assad Gah mosque. "But under previous governments, the leaders ... not only discouraged people from praying, they also destroyed much of the country, especially Kabul."

As midday prayers were beginning, four people were killed and 32 wounded when a plane

belonging to a northern warlord fighting the Taliban bombed a residential area of the capital.

Later, an explosion in central Kabul killed three people and wounded 37. There was no immediate information about the cause of the blast, which was heard across the city.

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Public Notices

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THE INSOLVENCY ACT 1986
Revolution of
LEYLAND DAF LEASING
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By written resolution dated 24th December 1996 the following resolutions were passed:
No 1 as a special resolution, No 2 as an ordinary resolution and No 3 as an ordinary resolution.

1. THAT Leyland DAF Leasing (No 1) Limited be wound up voluntarily.

2. THAT Alan John Barrett and Michael David Gierke both of 11, London Bridge, London SE1 1LQ, be and they are hereby appointed joint liquidators of Leyland DAF Leasing (No 1) Limited.

3. THAT any act required or authorised to be done by the liquidators may be done by either one of the joint liquidators acting alone.

Dated the 24th day of December 1996.
ALAN JOHN BARRETT
Joint Receiver of
Leyland DAF Finance plc (in administrative receivership) and without personal liability

Company No. 02372918
Registered in England and Wales
THE INSOLVENCY ACT 1986
Revolution of
LEYLAND DAF LEASING
(NO 3) LIMITED

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It's here. After all the hype about the information revolution, it is finally happening. Hold on to your parka hood; it's time to handle some data. But first, a health warning: all that stuff about life on the global super-highway and people never leaving their houses – forget it. But there are a number of developments already under way that give us a clear picture of imminent and radical changes to the way we live our lives. In our pages today we can see the future, and it's on the phone.

Telephone banking is already with us. As we report on page 16, one-third of all British adults are expected to bank by phone within four years. With almost all bank notes entering the economy through holes in the wall, bank branches are rapidly becoming simply foyers for cash machines.

Another coming wave is supermarket home delivery. It may be expensive, but trials using the – whisper the word – Internet have been a success, and it could be done by phone or fax, too.

Also on our business pages, we report plans by BT to offer free local calls in return for a higher quarterly flat fee. This will change both our psychology, and economics. If the marginal cost of using telephones, or the Internet, becomes zero, their continued massive expansion is guaranteed.

Of course, most of us are not on the Internet and have only the haziest idea what it means. The two million

mostly affluent, educated and male users seem a species apart, although their numbers are likely to double in the next 18 months. The rest of us are probably evenly divided between those who think the Internet is something we will have to cope with at some time, but not yet, and those who think it is an evil conspiracy to be avoided at all costs.

In fact, although the Internet will change people's lives, it will do so piecemeal, as individuals choose to take it up and invent uses for it. In practice, only a small minority of people will be able to work from home, but increasingly work will be computer-based and leisure will be computer-assisted.

Our Network supplement today carries the prediction that 1997 will be a watershed year for "media, communications and connectivity" in Britain and Europe. That is true as the Net grows cheaper and more powerful home computers hit the shops, and digital television broadcasts begin.

But the real revolution is not in the consumer's use of computers, which will continue to grow relatively slowly, but in the use of computers to allow companies to organise vast amounts of information easily. If millions of people have reasonably standard requirements for money, groceries, insurance and holidays, then they can all be handled by an easily-trained person on a phone headset in front of a screen.

Now, some people like going to the

bank and talking to a real person, and many people like supermarket shopping. But most of us don't, and this is another stage in the freeing from drudgery that technology has always promised but not always delivered. This is cause for rejoicing. Let people do more interesting things than queueing, and we don't believe they'll choose to sit in front of a computer screen all day. But there are caveats.

One is that the benefits of the information revolution, inevitably, will come last to a group in society that is predominantly poor, uneducated and female.

The real information underclass consists not of the two in three of the population without a personal computer, but of the one in 12 without a telephone. They are shut out now, and will increasingly be so in future, unless the Government acts to ensure that they can opt in if they want to.

Another warning concerns the need for competition. Three monopolies give rise to particular concern. The importance of the phone network raises questions about BT's dominance of its markets. Secondly, Rupert Murdoch's "first mover advantage", in the economist's jargon, in the field of dig-

ital television also alarms us. What is worse is the link-up between the two in the creation of a potential network of huge capacity which will eventually carry television channels, computer data and telephone conversations. There is already a "glass belt around the world" of fibre optic cable, and access to it must remain as free as possible. The third concern is the dominance of computer software by Bill Gates's Microsoft, which forces nearly everyone to use the Windows system. Mr Gates intends to extend this dominance to the Internet.

This matters because the Internet is coming of age, and apart from home shopping, one of its greatest impacts will probably be in education. Already, much of the world's academic community is "on-line". The new millennium will see big changes in schools. Tony Blair, like most politicians and indeed most voters, may be moderately technophobic (he has most of his speeches typed up from handwritten notes), but he has identified this as a priority, should he be elected this year.

It may be easy to look good on this in opposition, but it is difficult to argue that John Major has shown any leadership on this issue. The Prime Minister has left it all to the good but junior Ian Taylor at the Department of Trade and Industry, with the colourless Roger Freeman responsible in Cabinet. Mr Blair, meanwhile, has responded

to criticisms, from this paper among others, of his "deal" to give BT the early right to supply Mr Murdoch's new TV channels in return for something the company would have done anyway: to cable up schools and libraries for free.

And he has been working on the more difficult question of how to supply schools with the hardware they need to gain access to the Internet.

These are the right issues for the future. Meanwhile, let's put on our anoraks and do some virtual shopping.

Prescott misses the point

Leave it out, John. Mr Prescott yesterday plucked a familiar depth of dismal predictability with his attempt to score a political point at the expense of Jerry Hayes, the Tory MP who was in love with a young man but, he says, didn't sleep with him. Imagine how much more publicity Prescott would have attracted if he'd simply said: "This is a private matter which has nothing to do with Mr Hayes's ability to serve as an MP." Yes, John Major's maunders on family values are rapid and hypocritical, but so are Tony Blair's, and it is vain to pretend that no Labour MP has done or will do something as wildly foolish as the soon-to-be-ex-MP for Harlow.

LETTERS TO THE EDITOR

Freeze points to need for climate action

Sir: Nicholas Schoon's report "So this is global warming?" (4 January) is a welcome reminder that despite the arctic conditions, global warming is still a very serious long-term threat which demands urgent international action in which Britain should take a lead.

The essential point is that these freezing conditions are not a quirky contrast to atmospheric warming, but may well be linked to it.

Global warming won't simply produce the Riviera on the Tyne. It will also generate more violent swings in temperature including cyclones and hurricanes, more "natural" disasters like droughts and floods, rising sea levels that will swamp coastal areas, threats to grain stocks and world food supplies, and even (from a recent government report of the Public Health Laboratory Service) a risk that malaria, bubonic plague and other tropical diseases could return to Britain.

Moreover, not only has the build-up to global warming been very lengthy, but even if we now held the causes constant, atmospheric concentrations would still increase at a nearly constant rate for over two centuries. As it is, controls following the 1992 Rio Summit are so weak that concentrations of carbon dioxide are likely to reach about 500 parts per million by the year 2100 – approaching twice the pre-industrial concentration of 280 ppm in 1760 and well above the present 360 ppm.

So what needs to be done? We need a much stronger international treaty at Rio II next December, with more powerful pressures brought to bear on offending countries. Mr Gummer likes to claim that Britain is almost alone in keeping to its CO₂ limits, but that is only because the Government decimated the coal industry and plunged the country into a five-year recession. He notably makes no commitments beyond 2000. Labour is committed to cut CO₂ emissions by one-fifth by 2010.

We need to conserve energy better, not waste it. Mr Gummer last year made a huge cut in the home energy efficiency scheme. Labour will expand it. We also need an integrated public transport strategy to cut vehicle emissions. The Government's deregulatory philosophy makes this impossible; Labour will make it a priority.

MICHAEL MEACHER MP
Shadow Secretary of State for Environmental Protection
House of Commons
London SW1A

Sir: Paradoxically, a severe cold spell is a very appropriate moment for a robust lead article on global warming (4 January). However, the article implies that the recent cold weather is probably a natural variation from the trend of gradual warming. That is certainly possible, but it could just as easily be a perverse consequence of global warming itself.

The extra heat trapped by greenhouse gases changes the circulation of the atmosphere and may even disrupt major systems such as the Gulf Stream. If the changed circulation means that Britain gets more of its weather from the Arctic than from the Caribbean, global warming may cause local cooling. Such predictions are hard to make and even harder to verify.



However, they illustrate the point that global warming will lead to changes in weather patterns that leave some places colder, most notably, and many facing instability, storms, floods, droughts and other "weird weather" events. Sadly, many politicians still cling to the more comforting idea of vineyards in Suffolk and pavement cafes in Manchester.

CLIVE BATES
International Institute for Energy Conservation
London N1

Sir: Congratulations to Nicholas Schoon for his timely reminder of the persistence of global warming despite the freeze (4 January).

The Department of the Environment's Review of the Potential Effects of Climate Change in the UK is forthright in its assessments. It warns that land below the five-metre contour will be at risk due to rising sea levels and the increased force and incidence of severe storms.

Unless drastic action is planned now, huge areas of Grade 1 agricultural land in Lincolnshire, Cambridgeshire and Yorkshire will suffer inundation and salination.

PETER PETER SMITH
Royal Institute of British Architects
London W1

Eurobank please

Sir: The New Year is a time for new decisions. Could Parliament please call for the European Central Bank to be placed in London as a precondition for Britain joining the single currency?

PAUL BELLAMY
Cambridge

Uncritical church aids Dawkins

Sir: Terence Conran's comments on the proposed Christian Centre in Battersea (letters, 1 Jan) are wide of the mark. Evangelical churches such as Holy Trinity Brompton are not empty. They are full of overflowing with eager young professionals seeking spiritual renewal. Nevertheless, rather than praising God for this, were I not a tolerant member of the liberal wing of the established Church my uneasiness would turn to alarm.

The successful HTB gospel is one which calls us to a belief strongly based on evidence of direct everyday intervention of God in the material world. Miracles, supernatural influences on random events and direct manifestations of angels and devils are taken for granted. Having recently attended the well-known HTB Alpha course locally, I was amazed by the continual use of fervently believed anecdotes as evidence to support religious faith. The suspension of the normal critical faculties underlying all scientific progress which this implies is to me no different from accepting *The X-Files* as evidence for the devil.

Both *The X-Files* and supernatural religious phenomena are obviously popular, and I expect Prince Charles, Mr Costa and his supporters will get their Christian Centre. Even if it does no permanent damage, it helps the cause of people like Richard

Dawkins more than those who quietly hope for a sincere accommodation between religion and science, which is quite possible, even though not as likely to fill 10,000-seater auditoria.

RICHARD WOODALL
Milborne Port, Dorset

Sir: While Richard Dawkins continues to point out the more obvious contradictions inherent in religious belief, his detractors seek to refute him by speaking in riddles.

Gordon Whitehead (letter, 1 January) seems to imply that as long as somebody suffers following these sins we're all supposed to have committed, then the needs of divine justice are satisfied. If such a principle were to catch on at the Home Office, I like to believe there would be some sort of public outcry.

His analogy of Christ's paying our debts like someone paying a criminal's fine is incomplete. It is more like the government specifically hiring someone to take on everybody's fines, then sacking them for it, but promising them a very good pension. We would then claim crime had been eliminated. Surely not even Michael Howard ... oh well, maybe.

VYV HOPE-SCOTT
Twickenham, Middlesex

Sir: N J Carr asks rhetorically (letters, 1 January) why the opinions of Richard Dawkins, a zoologist, should be solicited on theological issues. The question is disingenuous. Dawkins has never

written – at least not in *The Independent* – about patristicism, Arrianism, or the authorship of the Pauline epistles. He has, however, contrasted the nature of the scientific quest for knowledge with the claims of revelation, and has done so fairly and authoritatively.

There is an essential, not an accidental, conflict between science and religion. It derives not so much from any particular scientific finding, such as the fact of evolution, as from contrasting attitudes to criticism. Science is a process of organised criticism, leading to contingent explanations that are in principle capable of being falsified. Religion, even in its liberal forms, depends on doctrine, not disinterested critical inquiry. The *ad hominem* attacks on Dawkins carried in your columns underline the point.

OLIVER KAMM
Bath

Sir: Gordon Whitehead states that God is a just God and accuses Richard Dawkins of basing his opinions on only some of the relevant knowledge available to him. But if there were a just God he would, according to Bertrand Russell, expect men to make proper use of the reason with which he has endowed them and as he has not supplied them with sufficient evidence for believing in his existence, he would be displeased with those who did so, like Gordon Whitehead, and pleased with those, like Dawkins, who did not.

LEONARD KOVEN
London SW1

Museum to mark British Empire

Sir: It was high time somebody wrote your admirable leader about the end of Empire (3 January). However, may I remind your readers that there is already coming into existence, in somewhat lengthy gestation, an institution specifically dedicated to making just the same points?

Our Museum of the British Empire has had to coexist with the peculiarly deadening aspect of political correctness which supposes that commemoration is synonymous with celebration. We are not setting out to celebrate the idea of imperialism. We are trying to commemorate the historical significance of the British Empire – everything bad about it as well as everything worthwhile, its strengths and its weaknesses, its beauty and its ugliness.

JAN MORRIS
Trustee, Museum of the British Empire
Bristol

Turbine tip-off

Sir: I would like to congratulate Duff Hart-Davis for having so succinctly summarised (Loag Weekend, 28 December) our five-year ongoing fight to prevent a wind turbine being erected in an Area of Outstanding Natural Beauty.

The developer, Dale Vince, has stated that he would like to erect a further 12 turbines in the area and that he is also looking for sites in the Severn Vale. So Slimbridge Wild Fowl Trust watch out!

VAL EASTON
Nympsfield Parish Council
Nympsfield, Gloucestershire

Quarantine dogs short of exercise

Sir: Brendan Halpin's contribution to the quarantine debate (letter, 3 January) must be challenged for his bland assumption that dogs in quarantine receive regular exercise. As a vet, he should know that many dogs are not allowed outside their kennel and individual run, many of which are totally enclosed without a view of another dog, and hence are without the incentive to run up and down.

My own dog, who came with me from Hong Kong several years ago, was visited by me for four hours every day of his six months in the "slammer", as Chris Patten so trenchantly describes it. His was one of the better establishments – some I suspected were appalling – and yet the kennel maid never had time to play with any of the inmates: they were too busy cleaning out and preparing food. It's no life for a healthy, active dog.

JUNE PARRINGTON
Settle, North Yorkshire

Health masons

Sir: The debate concerning openness, freemasonry, the police and the judiciary (report, 19 December) should not be confined to those groups.

The suspicion exists in medical circles that the network of Freemasonry exerts undue influence in the affairs of the Health Service. The suspicion alone could impair proper professional relationships, which ultimately impact on patient care.

Do the interests of the masonic brotherhood obscure best advice? If change is needed to improve treatment, will a brother be discomfited by it?

An open, accessible Health Service register needs to be set up of all Freemasons pursuing advancement in the Health Service and of those in established positions of responsibility.

C R RAYNER MS FRCS
Consultant Plastic Surgeon
Birmingham

Post letters to Letters to the Editor, and include a daytime telephone number.
Fax: 0171-293 2056; e-mail: letters@independent.co.uk.

E-mail correspondents are asked to give a postal address. Letters may be edited for length and clarity.

argument

A century of glossy squirearchy



What is the magic recipe that has kept 'Country Life' going for 100 years? Simple: the magazine sells a dream of rural bliss to the aspirational middle classes. By Peter Popham

Persevere. The items on the first front cover seem wildly irrelevant, a hotch-potch of commercial red herrings: cocoa, whips, ladies' bicycles, "Old Gran's Special" today, "Vigor's Horse-Action Saddle" shares page two with Anglo-Bavarian Ales from Shepton Mallet. But as early as page three of the first issue of *Country Life*, from 8 January 1897, we arrive at the heart of the matter. Messrs Walton & Lee, Land Agents of Grosvenor Square, are pleased to announce "IN THE GRAFTON COUNTRY - FOR SALE, a noble MANORIAL DOMAIN ... The Mansion ... contains eight reception rooms, 36 bed and dressing rooms ... The Estate ... includes nearly the whole of a very picturesque village ..."

Might that suit your lordship's requirements? Perhaps a "beautiful old CASTLE on the banks of the Wye, together with shooting over 20,000 acres" would be more your style? Or "one of the most celebrated Elizabethan MANORIAL DOMAINS in the Kingdom, standing in a magnificently timbered deer park of about 250 acres ... full of historic interest, being associated with a well-known

escapade in Shakespeare's career?"

And for the aspiring lordship still obliged for the time being to show his face in the Smoke, perhaps "early English country house, only half-an-hour's run from Charing Cross" might fit the bill, if you can reconcile yourself to its poky dimensions. "Although not on large lines (12 bedrooms, hall, four reception rooms) ... it is remarkable for its splendid panelling and ceiling work ..."

From the word go, *Country Life*, co-founded by that genius of popular journalism, Sir George Newnes, the man who devised *Ti Biss*, knew exactly what it was doing: and the resource that has kept it in the black for 100 years, the genteel English pornography of country house advertising, defined its character from the first issue.

Country Life is like an underground river, one of those tinkling brooks that splash away underneath London. Everyone forgets all about it; but pull up a drain cover one day and there it is, bubbling and huddling along the same course as ever. Its former rivals and peers have vanished, or gone monthly (like

The Field) or even annual (the *Illustrated London News*). Those that survive - the *Railway Magazine*, for example, also celebrating its centenary, as a recent issue of *Country Life* was generous enough to mention, or *Horse and Hound* are more dimly specialised. But *Country Life* is what it always has been: pages and pages of glossy advertising, gorgeous houses bleeding into antiques and pictures; a nice-looking young gel on the front-piece; and another 40 pages or so of classy rural this and that: gracious homes, Sloaneys fashion, gardening, more property, a bit of travel, a dollop of wild life; and a final helping of property in the stylish form of Carla Carlisle's Spectator column. England viewed by a witty American through the windows of her suburban home - a blast of sticky pudding to leave you pleasantly sated.

Country Life's survival for a century as a weekly is unusual but not in itself miraculous: the magazine is umbilically tied to a property market which needs its premier notice-board to appear this frequently, and as long as there are rolling acres

for sale and aspiring squires to hanker after them, *Country Life*'s survival is probably guaranteed.

However, there is no reason why it should have survived as the readable, sporadically interesting magazine it is today. And under the editorship of Clive Aslet, from time to time it comes perilously close to being vibrant: he has aired debates about BSE, and the rights and wrongs of controversial organisations such as the Royal Society for the Protection of Birds, and argued powerfully in a recent editorial against introducing admission charges for London's museums. If the magazine is snobbish to the soles of its boots (which it surely is), it avoids the *Tatler*-esque trap of vulgar snobbery with assurance born of 100 years of practice.

The men who founded *Country Life* were all thriving metropolitan businessmen: George Newnes himself, George Riddell, son of a Bristol photographer who eventually shouldered his way into a peerage, and the man who dominated the magazine for the first 35 years of its life, a former conveyancing clerk from Cumberland called Edward Hudson. The idea for the magazine was dreamed up over a game of golf - a new fad in England - in the semi-rural setting of the Chilterns, probably in 1895. Newnes had already made a fortune out of popular journalism, and within eight years of the magazine's first appearance he sold out to Hudson.

No one seems to have taken to Hudson. In his book on the magazine's centenary, entitled *The English Arcadia*, Roy Strong quotes Lytton Strachey describing him as "a patheti-

cally dreary figure ... a fish gliding underwater, and star-struck, looking up with his adoring eyes through his own dreadful element". "He was plain," another observer declared, "with a large head and a long upper lip covered in a scrubby moustache. His arms hung at his side as though they were not needed." Another acquaintance called him "a gargoyle of monstrosity" who gave her "the cold shudders".

He was, however, very good at what he did, and *Country Life* thrived under his direction. He imbued it with all the characteristics for which it is still famous: he exploited the latest photographic technology to give maximum impact to the large, sensitive photographs of country houses, villages and landscapes which sprawled across its pages. He forged a connection with the great English architect Edwin Lutyens, and the relationship became intensely symbiotic: Lutyens gave the magazine taste and vision, and an intellectual backbone to its posture of aesthetic reaction; the magazine gave Lutyens a regular platform for his work and ideas. He designed the magazine's offices, in Covent Garden, as well as the country house where Edward Hudson began to live out the squirearchical fantasies he was doing so much to propagate.

What makes *Country Life* peculiarly English, and peculiarly baffling to foreigners, is that while its appeal would appear to be narrow (its circulation is pegged to about 41,000), it is far more than a sort of house magazine for the landed gentry: it can plausibly claim to have a much larger significance. When Auberon Waugh said in the recent BBC2

documentary on the magazine, "You feel more in touch with England through *Country Life* than through any other publication," he meant, in touch with England's soul. Clive Aslet makes a similar claim: the magazine, he says, is "a construct of national identity. What makes the English different from other people? A good starting point would be *Country Life*."

Ten years ago one would have had little hesitation in saying that, to the extent that this was true, it was a very bad thing. In 1981, in his book *English Culture and the Decline of the Industrial Spirit* (Penguin), Martin Wiener argued persuasively that it was the obsession with social betwixtment that drained 19th-century England of its industrial and commercial vigour: the children of the creators of the Industrial Revolution went to public school, studied the classics, poured their money into grand houses, and proceeded to waste their lives chasing foxes.

Professor Norman Stone makes similar points, summarising the views of another scourge of the *nouveau riches*, Correlli Barnett. "Instead of teaching technology, schools were designed to produce little Anglicans. It was taught that rural life was superior to urban, that industry was smelly, that money-making was vulgar. Greek rather than science was crammed down little throats. A Harrow would take the little Gladstones or Tennants, make them talk proper, marry them grandly, place them in some governor-generalship, and turn them into useless attitudinisers, only coming

alive when the photographer from *Tatler* came around ..."

The sentimental worship of the rural idyll, it is argued, inflicted the entire nation with a dreadful lethargy; as Marx complained when England failed to embrace revolution, the English middle class reached from the aristocracy to the upper working class, and all succumbed to the same primitive magic. The officer class in the First World War may have been donkeys leading lions to disaster, but when *Country Life* splashed its luscious spreads of places such as Northborough Manor over its wartime issues, the images were taken to epitomise not persistent social injustice, but the defiant soul of the nation.

The rural mythology seeped down the decades of this century like some irresistible miasma, choking Englishmen from left and right, spawning a million Tudorbethan semis, miniature country houses every one, eliciting the "old maids bicycling through the mist" rhetoric of Orwell and its echo 50 years on by John Major - perhaps the most resonant words our Prime Minister has ever spoken.

We all fall for it, generation after generation: the opiate of rurality. "Brideshead remarked" as staff at *Country Life* sometimes refer to the phenomenon. The result? To quote Stone again, "Profitability declined; the country's exports were overtaken even by shattered Germany's in 1952 ... All of this ... really reflects a failure of will. The generation of classless get-up-and-goers in

Victorian times had generated gutless reneers, being self-consciously 'nice'."

Clive Aslet, extremely nice himself and resplendent in a green three-piece corduroy suit, has no very withering retort to all this: being withering is not really his style. But what he would say is this: "You could argue that Britain is a much more attractive place than the United States, say, where industrialists only want to go on being industrialists, and where plutocrats only talk to plutocrats. It's quite civilising if someone who has made a ton of money, either through being an industrialist or a pop star, should think, there are other things in life ... There is a value in beauty, a very civilising value."

After the rigorous and economic reductionism of the Thatcher decade, one is tempted to acknowledge the point - anything that can insert a chink of doubt in a tycoon's brain can't be all bad, even if it's no more than a nagging sense of social inferiority. Michael Heseltine is perhaps the archetypal *Country Life* Englishman: not only does he own a large country house, but also, famously, he had to buy his own furniture. And *Country Life* is his favourite magazine. His wife Anne tells how he devours it in the bath on Friday nights: "It's always damp and crumpled when he's finished with it." Think how driven and predatory Heseltine was in his prime - then imagine how much more alarming he might have been without his weekly steeping in the English dream.

"Our readers are really wonderful," Clive Aslet tells me as he ushers me out. "Because they're so civilised, really - they're really wonderful people actually." And he subsides in a fit of joyous giggles at the very thought of how wonderful, how civilised they are.

Will you help save Jenny's life tonight?



Jenny sleeps in a shop doorway - but not to queue for the sales. She's there because she's homeless. All she wants this winter is to survive - but without help, she may not.

Jenny has learned to cope with dirt, hunger and illness - but harsh weather could finish her off. Last winter, in London alone, 74 people perished while sleeping rough.

You can help Jenny - and hundreds like her - make it through winter. Send £25 to Crisis today. We'll use it to give a vulnerable homeless person food, warmth and shelter at one of our emergency cold weather shelters.

£25 is a small price to pay to save a human life. But it could be the most important saving you'll ever make.

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Yes, I'll keep homeless people warm:

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* Last three digits of Switch card no. / / / Switch issue no. /

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All the right answers, without question

Well, if you haven't tackled our Grand Christmas Quiz by now, you never will, so here are all the answers.

1. It is the title chosen by John Major with which he will enter the House of Lords if and when he loses the next election.
2. A potato shaped like Esther Rantzen.
3. It is the term used to describe an illegal immigrant who escapes from the United States across the border into Mexico.
4. A secret Labour Party plan to prevent Chris Patten from returning to Britain from Hong Kong.
5. A "Janet" is Cockney rhyming slang for an "over-priced drink". (From "Janet Street-Porter" and "bottle of sparkling water".)
6. Martin Amis's height in centimetres, as it makes him sound taller.
7. The theory that the pop group Oasis is just a mirage.
8. The nickname given in Westminster to a happily married Tory MP.
9. His argument was that if telekinetics really existed, we would be able to use the process to smuggle

drugs invisibly across borders.

10. His name means "son of the desert". "Rit" is the name of a Moroccan desert tribe and "kind" is the German for "child", so Rifkind means "son of the desert".

11. The correct quotation is: "Many people have married into the Royal Family, but she is the only one who has ever divorced into it."

12. A small tribe in Africa which thinks that Mark Thatcher is God.

13. Michael "Knee Jerk" Howard.

14. Anthea Turner, though she has always denied it.

15. Arsenal, in 1956, wearing red shorts and white shirts. They were later released on bail, and charges were subsequently dropped.

16. Michael "Me next" Heseltine.

17. The correct adjective to apply to Tetley, sponsors of England's touring cricket team, is Bitter.

18. "Ranulph" is Cockney rhyming slang for baked beans, as in "Eggs, bacon and



Miles Kington

Ranulph, please". ("Ranulph Twieleton-Wykeham-Fiennes" and "Heinz").
19. Miguel "Michael" Portillo.
20. It was the first time a judge had ever accepted disco deafness as a legitimate defence, ie, diminished responsibility due to excessive noise levels.
21. Michael "Who?" Forsyth.
22. Sir John Lennon.
23. A "Fearnley" is Cockney rhyming slang for a no-score draw. ("Fearnley-Whittinghall" and "nil-all").

24. Michael "Oops" Atherton.

25. It is the name of a Swedish tribute pop group formed in imitation of the Spice Girls.

26. Ben Elton's uncle.

27. They have all refused to go on *Desert Island Discs* while Sue Lawley is in charge.

28. "Parker" is Cockney rhyming slang for All Souls College, Oxford. ("Parker-Bowles" - "All Souls").

29. The serial port is already open or in use.

30. According to Ladbroke's, the odds against a Peruvian immigrant ever becoming Prime Minister of Japan are 1,000,000 to 1.

31. Not according to the old Latvian proverb.

32. She is the real-life person on whom Dawn French is based.

33. He is the Irish cabinet minister in charge of making sure that Ireland never again wins the Eurovision Song Contest, or at least not this year, or at least not this century or at least not this year, or at least let's all go out and get legless on the prize money if we do.

34. "Sebag" is Cockney rhyming slang for "The Last Night of the Proms".

("Sebag-Montefiore" and "Land of Hope and Glory").

35. The odd one out is McDonald's. All the rest are restaurants.

36. "Mountbatten's Revenge" is the name given by Indian visitors to Britain to the frequent stomach upsets they get while staying here and eating our strange cuisine.

37. It is the name given in show business circles to a book which has neither been considered by Andrew Lloyd Webber as a possible musical nor by television as a potential period drama.

38. CPRE stands for "Costume and Period Research Executive". It is the all-powerful body which acts as a channel between different TV drama departments and makes sure, for instance, that two rival versions of Edwin Drood are not going into production.

39. Because Oprah is Harpo spelt backwards.

40. It is the only vegetable with proven aphrodisiac qualities.

صلى الله عليه وسلم

Tory talk of family values covers another betrayal

The cockles of many a heart may have been warmed over yesterday morning's breakfast tables. No sooner had John Major uttered the cursed words "family values" than one of his own better-known married back-benchers was revealed in a scandal sheet to have been canoodling with an 18-year-old boy. Broad grins broke out, no doubt, in many households. Tee hee.

But in fact Major had been careful in his use of words when he wrote the article last Friday in *The Daily Telegraph* to launch his new election themes. So careful indeed, that he in fact said nothing at all. The windy nothingness of his words may be a dismal harbinger of the low level of debate we can expect: family and nation, that's all.

There is not a sentence in it that might not have been said by any politician anywhere. Certainly Blair and even Ashdown could have spoken the very same words. "Both the family and our nation are central to the security of the individual." "The essential purpose of Conservatism (or Labour, or whatever) is to conserve what is good and tried and reform when it is essential to do so..." A society which is generous to those in need, but does not tolerate those who seek to abuse that generosity." (Lack of a verb in a sentence is universal politenesspeak.) "...A society in which individuals are much more than statistics to be patronised, sorted and ground down by impersonal state bureaucracies." And so on.

These days politicians say less and less. They leave no fingerprints; they preserve deep deniability. If challenged, they never quite said it. They are Macavities who write in invisible ink. And so the significance is all in the spin, telling us what the Prime Minister meant but never in fact said.

This is the *Telegraph* front page spin from "close aides" and "one source". "Fresh help for families and parents to reassert themselves over faceless bureaucrats and politically correct social workers is to be pledged by John Major as a key theme of the Tories' election campaign." He will offer the "family" and "nation" as a counterbalance to Blair's "stakeholder" society.

But what does that mean, in practical terms? "Mr Major has already pledged a reform of the adoption system in an attempt to stamp out political correctness..." There is concern that too much of what social services are doing in the way they intervene in family life is driven by politically correct views... It is not their job to focus on every minor disadvantage a child might suffer."

Now all this is distinctly odd. What are the pressing social problems that worry the voters? Crime? Poverty? Fecklessness? Unemployed youth? Neglected or truanting children? Schizophrenics abandoned in the community? People failing to get community care? No, apparently none of these. Too many social workers are the problem - interfering with our children, checking on safety in the home, bothering perfectly happy grannies, annoying the weirdos who shout in the street, pestering the homeless in their sleeping-bags, breathing down all our necks and dominating our lives. The new slogan is Free Us From Social Workers! If this is an election winner, well, the mind boggles.

Now "Social Worker" may be an amusing *Telegraph* portmanteau term of abuse, but out



Polly Toynbee

The families John Major's government is pledged to preserve need a lot more help. But behind his rhetoric is a plan to give them the very opposite

there in the real world, this is what actually happens.

There are children on "At Risk" registers with no allocated social worker. There are now fewer on the register, but probably no fewer children at risk, just fewer social workers to register them. Fewer children are in care, but it is doubtful that there is less need. Many children in foster homes and residential care barely see a social worker from one month to the next. Foster parents at the end of their tether complain they get no help until the relationship has broken down irreparably.

In schools, education welfare is almost a thing of the past. Most teachers struggling with children causing mayhem or with appalling home problems cannot reach a social worker unless the child is in serious danger. The growing number of excluded children roaming the streets often have no social workers, or perhaps one whom they barely see.

Families, (yes, those families Major is pledged to preserve, under stress from illness, drink, depression, drugs, mental problems, and handicapped or sick children) can often get little help until the problem reaches the point of family collapse. Some social workers have a case load of 40 children at risk, where each family should be visited at least once a week and in times of crisis may need much more. If a child dies, who gets blamed first? The social workers.

Seriously mentally ill patients are all supposed to leave hospital with care plans and a named social worker or community nurse. As we know from a host of murders and suicides, it often doesn't happen. Old people who used to be in residential homes can manage in the community only if they have social workers to arrange the right services for them. But many do not.

The Government is in the process of reviewing social services, while boasting that there has been a real increase in resources over the last 15 years. But the closure of thousands of long-stay NHS geriatric beds, council residential homes and mental hospitals means that the extra money is nowhere near enough.

The *Telegraph's* interpretation of the words of John Major indulges in the dreams of the good old days when no one needed social workers. Responsible adults used to stop children in the street to ask why they weren't in school. They used to look out for their elderly neighbours. "Now, this is seen as the Government's job." This is, of course, social history as utopian. If the *Telegraph* is right in its interpretation, John Major's family values means the state abandoning families in all sorts of trouble.

"Family" can sound like a warm word, or a threat, depending on who's talking. In the mouths of politicians it's always a threat. A good family for all is not something that governments can offer. Tougher divorce laws or tinkering with the tax and benefits system will make no difference.

The one really useful thing that governments can do is to provide enough highly-trained social workers and support services to keep disaster families on their feet. The alternative is to allow them to collapse, and take the children into care. And that, for all his new rhetoric about family values, is what John Major, it seems, now intends to do. The consequence for thousands of children will be wretched.

Why today's man is losing his virility

by Liz Hunt

Q: What links organic vegetables, London tap water, "gender-bending" chemicals, tight underpants and membership of the Mafia? A: Sperm

All the above have been blamed for a fall in the number of men able to produce sperm in normal quantities at some time in the past five years. Low sperm counts are a characteristic of Mafia members, according to one, somewhat suspect, study, while men who eat organic vegetables can, it is claimed by other, more reliable researchers, boast dizzying amounts of super-sperm.

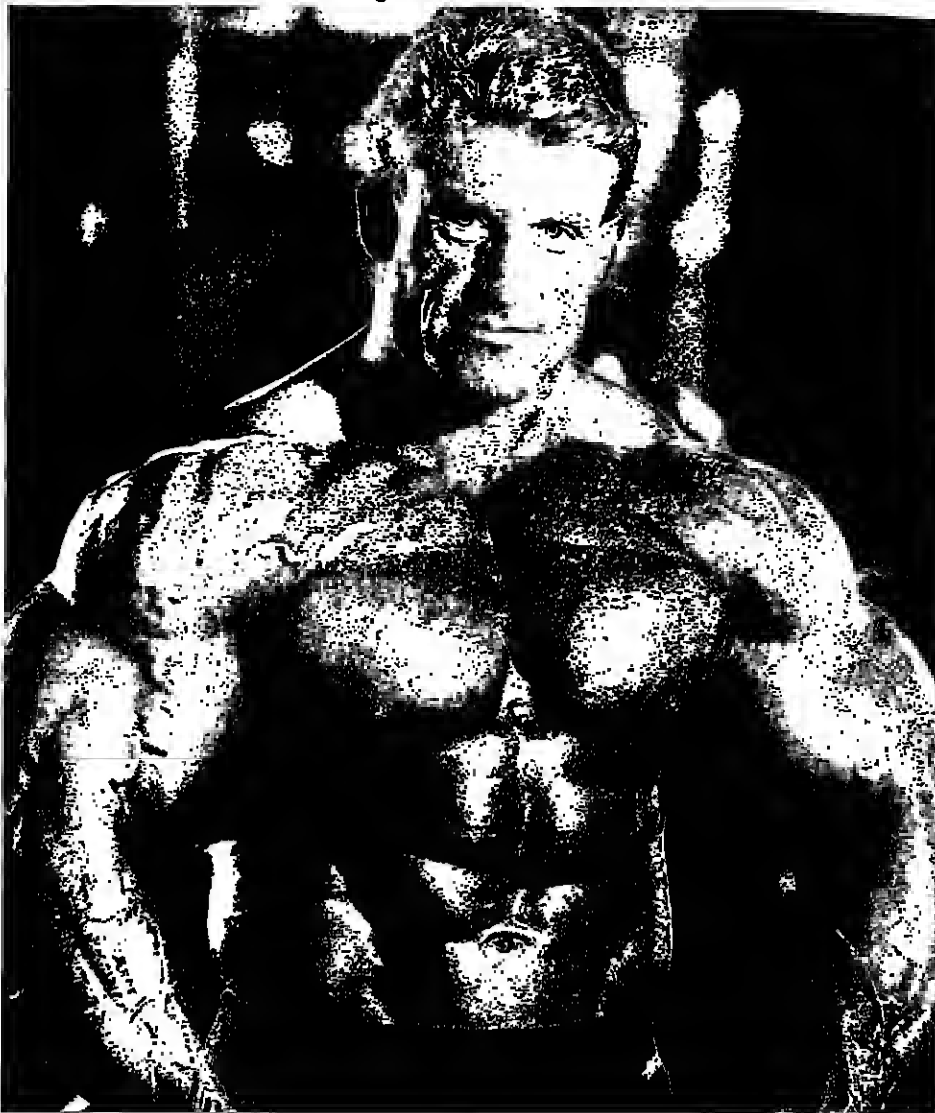
Sperm is always good for a laugh - or a headline - and the latest research from Finnish scientists is no exception. Examination of testicular tissue revealed a dramatic drop in the number of middle-aged men capable of producing normal sperm, from 56.4 per cent in those who died in 1981 to just under 27 per cent in those who died in 1991. The weight of the men's testicles also diminished over the decade; their seminiferous tubules were smaller, and there was increased fibrotic (useless) testicular tissue.

With falling sperm counts and more defective sperm being reported throughout Europe and North America, the study, published last week in the *British Medical Journal*, appears to furnish more evidence that not only is the very essence of masculinity threatened, but also the future of humankind. Or is it?

The contribution of Dr Jarkko Pajarinen and his team at Helsinki University is yet another piece of the complex puzzle that is the Great Sperm Debate. It is significant because the scientists looked at sections of testes removed from more than 500 cadavers. They did not rely on sperm counts, which are unreliable, subject to numerous confounding factors and with wide variations in methodology. The changes they observed between the two groups of men also took place over a short time span, which added to the enormous scientific and public interest.

The findings are "quite dramatic", says Dr Stewart Irvine, director of the Medical Research Council's reproductive biology unit in Edinburgh, which is at the forefront of research into the potential sperm crisis. "It suggests there is something interesting about the population they were looking at."

And yet there is no hard evidence so far that fertility is declining. "That might be because we are well within safety margin [of sperm levels]. It is anybody's guess what level of sperm is too low," Dr Irvine says. In addition there have been about 10 good papers published, most notably from scientists in New York and Seattle, which have reported no drop in sperm counts or semen



Sperm counts have fallen dramatically in the past decade - and scientists are looking at oestrogen as the culprit

quality - though medical journals are less keen to publish, and newspapers less keen to report, findings which detract from the doomsday scenario. That is not to say that something worrying is not going on in the reproductive tracts of men worldwide. Fewer, less mobile sperm, more defective sperm, together with escalating rates of testicular cancer, undescended testes in childhood and other testicular abnormalities, suggest that something is amiss.

Later this month the United Nations will host a two-day conference in Washington DC when around 70 experts will debate the need for global co-ordination and research into sperm counts, semen quality, and testicular abnormalities and disease. The most likely outcome is that the UN will endorse such a project and one of the research priorities will be the "oestrogen hypothesis", still the most promising explanation for the changes being observed.

It was Dr Richard Sharpe, a male fertility specialist at the MRC's Edinburgh unit, and Professor Nick Skakkebaek of Copenhagen University, who, in a paper published in *The Lancet* in May 1993, first proposed that the female hormone oestrogen was implicated. Professor Skakkebaek is the main credited with alerting the world to the possibility of falling sperm counts in 1992, when he showed that sperm counts in healthy men appeared to have dropped by more than half in 50 years.

The Skakkebaek team reviewed studies involving almost 15,000 men between 1938 and 1992 and found that the average sperm count had fallen from 113 million per millilitre in 1940 to 66 million in 1990. The definition of a "normal" sperm count fell from 60 million per millilitre to 20 million in the same period. Two studies in France and Belgium in 1994 confirmed and strengthened the original findings.

In their *Lancet* paper, Sharpe and Skakkebaek proposed that exposure to more than the normal level of oestrogen - in natural or synthetic forms - in the womb at a critical period of fetal development could be responsible for the abnormalities of the reproductive tract. A possible culprit was a drug known as DES (diethylstilboestrol), taken by six million women worldwide between 1945 and 1971 to prevent miscarriage.

Moreover, the exposure to oestrogen of the general population has increased significantly since the Forties through the consumption of hormone-boostered dairy products, the contraceptive pill, other drugs containing synthetic oestrogens and a wide range of man-made chemicals that mimic the effect of oestrogen. These so-called "gender-bending" chemicals occur as phthalates in plastics and food packaging, in detergents and pesticides such as DDT, in exhaust fumes, as PCBs in electronics - and, at very low levels, in some baby milks, which prompted a scare last year.

These "false" oestrogens are difficult to break down and persist in body fat longer than natural oestrogen, to levels 100 or 1,000 times greater than background levels. The result may be devastating for oestrogen-sensitive tissues in the body: the reproductive tract, the breast, and womb, and, most worryingly, the developing foetus.

In July 1995 Professor Lewis Smith, director of the Institute for Environment and Health at Leicester University, reported on a review he has conducted of international research. He found an abundance of circumstantial evidence for the oestrogen hypothesis. There was no direct causal link but he did not rule it out, and the Government gave an undertaking to scrutinise more closely the gender-bending chemicals.

The starting point for the oestrogen hypothesis was a wildlife haven called Lake Apopka, near Orlando. Between 1980 and 1984, the death rate for alligator eggs on the lake was found to be running at around 96 per cent, compared to a figure of 57 per cent for lakes nearby. Scientists called in to investigate found numerous sterile male alligators with shrunk, useless penises. A tentative link was made with an accidental spillage of thousands of gallons of DDT into the lake in 1980.

Similar phenomena were then reported in the Great Lakes of North America. Then on the south coast of Britain female dog-whelks developed "pseudo-penises" and "feminised" male fish were found near the sewage outlets in British rivers. Oestrogen was blamed again.

These pieces of the puzzle have fitted together neatly enough to please the environmental lobbyists, who now blame gender-bending chemicals but scientists have yet to be convinced. A conclusion may be some way off.

Labour may gamble on electoral reform

Tony Blair is determined not to repeat one of Kinnock's big blunders, argues Donald Macintyre

No one who worked in Neil Kinnock's election team will ever forget that dreadful last Monday evening of the 1992 campaign when Alec Dunn, a 20-year-old elector from the super-marginal constituency of Bolton, asked the Labour leader "where you personally stand" on proportional representation, and painfully skewered him in front of a national Granada TV audience by refusing to give up when he waffled in reply. As follows:

Kinnock: "Yes, well I'd be delighted to tell you... but not at this juncture." Laughter. "Oh, I'd be delighted to. But what I do..."

Dunn: "It's either yes or no, isn't it?"

Kinnock: "Yeah, sure. Well as you may know Mr Dunn..."

Dunn: "Well, either you do agree with it or you don't agree with it."

Kinnock: "Well fine, ah no, it isn't quite as simple as that, not where I'm sitting."

And so on, too painful to repeat. Liberal Democrats often talk about that evening when they argue, as they are currently doing with ever greater intensity, that Tony Blair will have to declare before recommending in the referendum on electoral reform which he has promised. A referendum, however desirable, is, as Paddy Ashdown again put it yesterday, no substitute for an opinion. If the people are to be asked to decide whether they want the biggest change to the electoral system

since women got the vote then what the prime minister of the day would himself think is quite a pertinent matter.

And do not be deluded: it is precisely a pre-election commitment by Tony Blair to recommend change to Britain's first past the post system that the Liberal Democrats want. It's that the Liberal Democrats' argument, which will be the glittering outcome of the "secret" talks that have been going on between the two parties since they were announced at a press conference more than two months ago. The mechanics of introducing legislation of devolution, on reforming the House of Lords, on a Freedom of Information Act are serious topics. Some of it will be awe-inspiringly difficult to get through the House of Commons and an inter-party agreement on how to do it would be well worth having. But Blair's agreement to go into the election committed to changing the system by which MPs are elected is what they really want.

It's tempting, therefore, to buy the Liberal Democrats' argument that if only to avoid a repeat of the Bolton fiasco Blair will firmly declare his hand before the general election in hand before changing the system. There is a powerful case for doing so. By a decision in favour of change to a more proportional system before the election, he eliminates the risk that if he does so after the election he is seen to be doing so merely for reasons of expediency.

What's more, a commitment to



Paddy Ashdown and Tony Blair see mutual advantage in PR

change could mean no more than the Alternative Vote system which would certainly give more seats to the Liberal Democrats but which is not fully proportional.

But for all the spate of weekend reports that something very big has happened already in the inter-party talks, it hasn't. Blair has certainly started thinking about electoral reform. But some of those very close to him still insist that the likeliest outcome is that he will say again publicly that he "is not persuaded" of the case for change, and that the Liberal Democrats would be unwise to try to bounce him into a declaration to the

contrary. Finally, Blair isn't going to get himself into the mess that Kinnock did in 1992 because he can hide behind his commitment to hold a referendum on electoral change.

But the focus on what Blair will or won't do before the election also misses a bigger point: that there is now a dynamic for a seismic change in the British political system. In theory, the Liberal Democrats won't agree to a formal co-operation pact without a commitment to House of Commons electoral change. In practice, senior Liberal Democrats are already talking more amiably about a "sliding scale" of co-operation. And those

talks are already developing: it's likely that they will map out a detailed timetable, and the range of options that a referendum would offer. It is a near certainty that Labour will commit itself before the general election to PR for the European elections in 1999. Such a move wouldn't, of course, satisfy Ashdown. But it would strengthen his representation in Strasbourg and make it extremely tempting for pro-European Tories to test the water for a new party by campaigning on a separate platform.

And that is a clue to the big picture. Because in talking about a new politics of the centre and centre left, Blair is not just making a point about Paddy Ashdown. He believes that Kenneth Clarke also has more in common with him than with most of the 1990s Tory party.

In theory a long-term Blair hegemony could be sustained without electoral reform; in practice it's much likelier that it needs a change to the electoral system to flourish. Clarke is much likelier to split the Tories by forming a pro-European party than he is to defect to Labour. John Major was exactly wrong yesterday to say that PR would offer less choice rather than more: it offers the chance of several more parties and a much more calibrated choice for the electorate. It's still possible that Blair will advocate change before the election. But it's a much safer bet that he will do so when it comes to the referendum itself.



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obituaries / gazette

General Sir Ian Riches

In November 1944, from the comparative warmth of the Royal Marine Office at the Admiralty, Ian Riches was thrust into command of 43 Commando, who were up against the German XXI Mountain Corps in the inhospitable and bleak mountains of Yugoslavia.

The Marines had no adequate cold-weather clothing and Tito's partisans, aware of the approaching Red Army, were proving ambiguous in their support. Riches, however, quickly imposed his authority and, although some of the changes he made were not popular, they were necessary. Although coming late to command, as many had expected Riches made his mark and success was to follow.

In January 1945, 43 Commando were withdrawn from Yugoslavia and arrived in Italy as part of 2 Commando Brigade as a preliminary to taking part in the 8th Army's forthcoming offensive against Kesselring's defences south of the Po valley. In the weeks that followed, Riches put his commando through an intensive training programme.

The task given to 2 Commando Brigade was to clear the German defences on the eastern side of Lake Comacchio up to the line of the Valetta canal. For several nights before the attack, while 43 Commando made reconnaissance patrols, 40 Commando diverted the Germans' attention by playing Wagner very loudly over the loudspeakers. Amidst even greater noise, 43 Commando launched their night attack on 2 April and quickly gained their first objective, "Joshua" (all the enemy's defended areas had biblical names). By 8.45am Riches had his men across the river and was attacking strongly held positions.

9 Commando had been unable to pass "Levitius", and the task now fell to Riches' men. By mid-afternoon 43 Commando had overcome extensive minefields, dykes and machine-gun positions and had succeeded in their attack. As the commandos moved inexorably forward, the point section was held up by machine-gun fire. Corporal Tom Hunter recognised the severity of the situation and charged and captured a number of positions, constantly calling

for fresh magazines. His extraordinary courage enabled his men to reach the canal bank before he was killed. He was awarded a posthumous VC, the only VC awarded to the Royal Marines in the Second World War.

Riches' preliminary planning had been precise and his leadership throughout the battle first-rate. His men fully deserved the 8th Army Commander's congratulations on "their magnificent fighting spirit". For his part in the operation, Riches was awarded the DSO.

Ian Riches was commissioned into the Royal Marines in 1927. After completing his training he joined the battleship *Queen Elizabeth*, flagship of the Mediterranean Fleet, which presented a challenge to the young lieutenant as there were constant calls for guards of honour and ceremonial parades. He was quick to spot the gain for his corps from a well-executed ceremonial. During the Abyssinian crisis he used his signals training to good effect and also qualified as an interpreter in French and Spanish.

In 1936, after receiving accelerated promotion to captain, he was appointed Adjutant Plymouth Division RM, an appointment widely regarded as a stepping stone to higher rank. In Riches' case this was certainly so. Soon after the start of war he was selected for the Junior War Staff at Staff College and on completion was appointed Brigade Major of the newly formed 101 Royal Marines Brigade. During this time he took part in the abortive expedition to Dakar. He graduated from Senior Staff College, and from 1942 to 1944 served in a number of headquarters appointments with the Royal Marine Division until called upon to command 43 Commando.

In 1946 he commanded the Signal School, and in 1948, 42 Commando based at Malta. Shortly after arriving he was ordered at four hours' notice to move to Palestine to help oversee the final days of the British mandate. Here Riches' firmness and tact were much in evidence.

After his return to Malta he was sent with 42 Commando to Hong Kong on external and internal security. He relinquished command in 1950 and was employed in a number of opera-

tional and staff posts, including command of 3 Commando Brigade in the Canal Zone. In 1954 he put his brigade through an extensive training programme with ships of the Amphibious Warfare Squadron. This training proved invaluable when landings were for real during the Suez crisis of 1956.

In 1957 his promotion to Major-General in charge of Portsmouth Group Royal Marines was welcomed within the corps. It was an appointment he also enjoyed. In 1959 he was promoted Lieutenant-General and appointed Commandant General Royal Marines. He took office at a time when the corps was facing new strategic requirements. The aircraft carrier *HMS Bulwark* was being converted to a commando ship role and so likewise was *HMS Albion*. However, he strongly opposed the view held by many in the Royal Navy that a commando should be permanently embarked. Riches insisted that a commando was a military unit and would need to be trained as such and should be shore-based, though operating with the commando ship. He there-



Riches: first-rate leadership

fore felt a sense of pride when 42 Commando landed by helicopter from *Bulwark* in Kuwait in the face of invasion from Iraq. Riches was promoted General in 1961 and, on his retirement a year later, he took on a number of responsibilities. He was Regional Director of Civil Defence and Representative Colonel Commandant until 1968.

Max Arthur

Ian Hurry Riches, soldier, born 27 September 1908; DSO 1945; Commandant-General, Royal Marines 1959-62; CB 1959, KCB 1960; Regional Director of Civil Defence 1964-68; Representative Colonel Commandant 1967-68; married 1936 Winifred Layton (two sons); died 23 December 1996.

Diana Morgan

Whatever it was that killed off "intimate revue" – and the debate continues among the theatre-going oldies – Diana Morgan's talent was a reminder of its glories. It was so instructive, as well as amusing; and so easy to get the hang of that it made playgoers of schoolboys.

Yet its appeal was to the so-called sophisticated playgoers of the 1930s and 1940s. So the schoolboy of that day might not get the hang of everything, though, of course, he would have had no trouble with the two eight-line verses in Latin in *The Number 17* (Gate, 1936), a musical play about a "very modern" contemporary public school.

At any rate James Agate, the most influential critic of the era, considered the dog-Latin worth quoting in full in his *Sunday Times* notice as an example of the show's brand of humour which ranged "half way between the great masters and the master-buffoons".

"The School Song" ran: "A. ah, abaque, coram, de, Florent! Multum! Anna cano virtutem, Florent! Multum! Magna Charta, locum tenes, Ubique delictum tenens, Cantabimus, omnes scirentes, Florent! Florent! Florent! Carpe diem, Postume, Florent! Multum! Mensa quoniam celeritate, Florent! Multum! Alma Mater, ubi cano, Mens sana in corpore sano, Credimus cum salis grano, Florent! Florent! Florent!"

Within two years, Morgan and her collaborator, Robert MacDermot, who became her husband, had two successful West End openings on successive nights. The first was a full-scale revue at the London Hippodrome, *Black and Blue*, headed by Frances Day, Vic Oliver and Max Wall, and directed by Robert Nesbitt.

The next night at the Ambassadors was the transferred Gate Revue, directed by Norman Marshall with Hermione Gingold, Walter Crisham, Michael Wilding, Gabrielle Brune and Derek Farr – all unknowns then.

Satire also counted high in a theatrical era when the Lord Chamberlain kept a wary eye on every script. Audiences, especially schoolboys, relished the complicity between them and the players and the notion of seeing something which the Lord Chamberlain would have forbidden in a public theatre.

Could the ultimate shedding of that reactionary's powers over the stage in 1968 have sounded the death-knell of intimate revue? Not that everything – and there might be 30 items in a revue – was meant to be provocative. But there was simply nowhere else to taste whatever forbidden fruits might be on offer. No television satire programme to keep us in on Saturday nights (*That Was The Week That Was*); no *Private Eye* to be rude about anything and everything.

Above all, there was nothing to match the atmosphere of a "club" theatre which anyone could join for a few £10 a year and feel he 'elonged among the "sophisticates". Moreover, the snugness of a club theatre deepened the sense of something exclusive going on, and few theatres were snuggier than the Gate in Villiers Street, Charing Cross, where the dressing rooms were just off the postage-stamp type stage itself. Marshall had bought it in 1934, not to promote satirical revue but to put on his own kind of arguably rather highbrow play – Ibsen, Schinzel, Aristophanes, Ernst Toller, John Steinbeck, Jean-Jacques Bernard.

At Christmas, though, a revue was expected. A well-established genre in the West End since the First World War under André Charlot and C.B. Cochran, it had been allowed to lapse when they both abandoned it for more spectacular shows at the London Pavilion. Marshall wanted something cosy, topical, witty and satirical.

He took on Morgan and MacDermot, then in their twenties, because he liked the material they had written for one of his revues at the Cambridge

Festival Theatre a year earlier; and though the cast was low-spirited – two of them left before it opened – business gradually picked up until the show ran for eight crowded weeks, headed by Hermione Gingold (who during the war was to keep the Ambassadors filled with the Sweet and Low series of revues).

Morgan and MacDermot went on to contribute to *Let's Face It!* (1939), *Swinging the Gate* (1940) and scores of other revues in both the West End and at its outlying club theatres, like the Watergate.

What both writers learned was how to write for their players – for personalities like Gingold, Beatrice Lillie and Walter Crisham – and how to shape their material to get the mixture of moods, vital to revue, exactly right.

"Above all," as Marshall himself once put it, "if a revue is to have any style of its own it must be the expression of a single person's taste, not a hotch-potch of other people's suggestions and prejudices."

That's why he rented the Ambassadors where the Gate Revue ran for two years. When you think of all the other talent that came to the top through revue and the training it gave in timing and getting on immediate terms with an audience, from Maggie Smith and Kenneth Williams to Ian Carmichael and Mollie Fraser, Dora Bryan and Max Adrian, as well as writers like Harold Pinter, John Mortimer, Sandy Wilson, N.F. Simpson and Peter Cook – it's less depressing on both sides of the footlights.

Eleven years ago the King's Head, Islington, staged something called *Meet Me at the Gate*. Devoted to the early writings of Morgan and MacDermot, it pleased nostalgic addicts of a genre which gave its last gasp, coincidentally or otherwise, when the censor gave his.

That was 28 years ago, and MacDermot had died in 1964; and you may now write it all off as a consequence of changing



Forbidden fruits: Morgan began as a mistress of revue

Photograph: Ronald Grant Archive

taste. But it was fun while it lasted. Nor did Diana Morgan ever allow her talent to stop there.

A Welsh character actress from the age of 20 and a playwright even earlier at the Arts with something called *Circus electa* (imitating, perhaps, satirical zest?), she enjoyed numerous West End and Fringe productions as author and performer of marginal, Welsh parts.

Among her own plays were *A House in the Square* (St Martin's, 1940), a musical, *Three Witches* (Prince's, now Shaftesbury, 1945), *Rain Before Seven* (Embassy, 1949), *The White Eagles* (Embassy, 1950), and *After My Fashion* (Ambassadors, 1952), a well-received domestic drama of adultery. Other straight plays were *The Dark*

Stranger (Ashcroft, Crowdon), and *The Judge's Story* (Ashcroft, 1964).

After training at the Central School of Speech and Drama, Diana Morgan ranged as an actress from *Conrad's Cavalade* at Drury Lane in 1931 to Mrs Dainton-Fidget in *Wycheley's The Country Wife* (Ambassadors, 1934), *Phyllis in Pell and Old Woman in Lystrina* (Gate, 1935), *Bette in The Two Was Young* (Wyndham's, 1938) and small parts in her own plays *The White Eagles* (Embassy, 1949), *After My Fashion* and *The Little Evening* (Welsh National Theatre, 1970).

She was a contract writer to Ealing Studios in its heyday, and her film credits include *Poet's Pub* and *A Run For Your Money* (both 1949). She won over a

dozen international awards with her script for the film *Hand in Hand*, about a Roman Catholic child and his Jewish friend.

Among television series which she wrote were *Emergency Ward 10*; there were also documentaries and two radio plays and two novels. Only nine years ago she collaborated, aged 77, on a musical version of Frances Hodgson Burnett's fantasy *The Secret Garden* (King's Head).

But it was surely her revues with MacDermot which gave the most piquant pleasure.

Adam Benedict

Diana Diana Morgan, playwright and actress, born Cardiff 29 May 1908; married Robert MacDermot (died 1964); died 9 December 1996.

Professor Dame Elizabeth Hill

Eccentricity characterised Elizabeth Hill's academic achievement. In scholarly terms, she was both a nonentity and a colossus. She wrote almost nothing original, yet she was the direct inspirational force behind dozens of serious articles and books by other people.

As Professor of Slavonic Studies at Cambridge University for 20 years, she was a poor teacher of literature but, paradoxically, a powerful inspirer of love for the Russian writers, and also a brilliant, though terribly demanding, language instructor. Undergraduates loved her as a person but went elsewhere for their lectures and supervisions. Postgraduates, however, derived enormous benefit from her in many areas. She found them jobs, suggested research topics, showed them how to compile a proper bibliography, gave them hooks on long loan from her massive library, followed their progress and rejoiced in their many successes.

Long before her untimely death she had the satisfaction of seeing her protégés ennobled in high academic positions the world over, especially in Britain, steadily purveying the love for Russian culture which they first learnt from her.

Yelizaveta Fyodorovna (her name in Russian usage) came from a prosperous Anglo-Russian family, her mother Russian, her father an English businessman (Frederick Hill); they fled from Russia for their lives in 1917 and ended up impoverished in London. Lisa, barely 17, began a succession of language teaching jobs before entering University College London, where she gained a First in Russian in 1924 and a PhD in 1928, though her first university appointment was delayed until 1936, when she went to Cambridge as Lecturer.

Her big opportunity came during and after the Second World War, when the Government gave her the job of training young recruits to read and speak Russian. Eventually their numbers ran into thousands, every one of whom would look back on this rigorous intellectual and cultural education as an immensely rewarding experience. Hill was appointed as the first Professor of Slavonic Studies at Cambridge in 1948, a position which she held for precisely 20 years.

A good example of Hill's capacity for long-standing friendships, and her Christian sense of love and charity, may be seen in her relationship with Doris Mudies, whom she first met in the late 1920s. At first Hill and her family were greatly helped by the successful Mudies, though as Hill's fortunes improved those of Doris declined. By the late 1960s Doris had suffered several strokes and needed constant nursing.

Hill's two-year stint from 1968 to 1970 as Andrew Mellon Professor of Slavic Languages in Pittsburgh was partly motivated by the need to earn money to cover Doris Mudies' medical expenses. Her devoted attention to an old friend over many years were exemplary. Their collaborative efforts produced two edited volumes of letters, Dostoevsky's *Letters to his Wife* (1930) and Lenin's *Letters to his Wife* (1937). Hill's practical support for Russian émigrés who had

once taught on her Services courses was also legendary.

Lisa Hill was a woman of strong personality and personal charm, whose energy, warmth of spirit and massive enthusiasm for things that mattered will be long remembered. Despite the fact that her true distinction lies not in her own scholastic attainments but in the countless academic achievements of others, there can be no doubt that she stands proudly in the line of important 20th-century pioneering educators such as Wallace, Bernard Pares and Kononov, who took up the cause of Russian and Slavonic studies and raised them to the high standing which they now occupy in the Western world.

Lisa Hill's death came as a shock even though she was 96 years old. She arrived with the century and everyone expected her to see it out. She may have retired three decades ago, but she had never been forgotten. Admirers turned up in hundreds at her various anniversaries, told warm stories of her life in public, confirmed her destructibility and vowed not to miss the next occasion.



Hill: bamboozling charm

Photograph: Jeanne Vronskaya

She continued to turn up everywhere in a small car, driving herself and some other diminutive companion in such a way that neither could be seen above steering-wheel height. The recently acquired Mini which still rests in her Cambridge garage is an honourable descendant of the weirdly sprung Renault with which she terrorised that city four decades ago. Hill's car was reputed to be the only one ever allowed to park regularly in front of the British Museum, such was her bamboozling Russian charm over British policemen.

She was a most satisfying person for those who like their professors to be eccentric. For one thing she never knew which language she was speaking. In one of her last letters, sent to an ex-student who now heads a Department of Russian in Canada, Hill wrote, "I've escaped from the Berlin Control Commission hoping to pop up in America, no ne yshlo as the train headed for the British Zone". That was also how she spoke.

A. D. P. Briggs

Elizabeth Mary Hill, Slavonic scholar, born St Petersburg 24 October 1900; University Lecturer in Slavonic, Cambridge University 1936-48; Professor of Slavonic Studies 1948-68 (Emeritus); Andrew Mellon Professor of Slavic Languages and Literatures, University of Pittsburgh 1968-70; DBE 1976; married 1984 Sjojan Vajtkovic (marriage dissolved 1995); died London 17 December 1996.

Maria Donska

The pianist Maria Donska was well known for her fine interpretations of Beethoven and Schubert.

She was born in Lodz, Poland, in 1912 and was already performing at the age of seven. She made her concerto debut in 1923 and three years later went to study with the celebrated Austrian pianist Arthur Schnabel in Berlin. There too she met her lifelong friend Leonora ("Baba") Speyer.

Baba came from a musical family. Her mother was a violinist who recorded for HMV. It was at the Speyer home in Grosvenor Street, London, that

composers such as Debussy and Grieg performed at soirées in the early years of the century.

Maria Donska continued studying with Schnabel until 1933 and made her Berlin debut during this period playing Weber's *Konzertstück*. In 1932 she participated in the Chopin competition in Warsaw and was awarded a Diploma of Honour. Earlier Schnabel had taken her to London, where he played in the Courtland Concerts. It was to London that she eventually returned in 1934 and successfully applied for British citizenship. Baba Speyer and she set up home together.

Donska entered the Royal College of Music as a student in 1936. There she was awarded several medals, including the Hopkinson Medal and the Chappell Gold Medal (1937). In those days, when most British students wanted to finish their training abroad and very few foreign students came to study in London, this must have seemed a strange thing to do. Even stranger was her choice of professor, Arthur Alexander, who had been a pupil of Tobias Matthay, whereas Schnabel had studied with Theodor Leschetizky, who was viewed with some suspicion by Matthay pupils.

One thing that Schnabel and Alexander had in common was a quick wit and sense of fun. With Alexander, Maria Donska did study some works other than the standard classical repertoire, but never played them later on. This became a point of disagreement with her agent, who would have found it easier to promote an artist who played concertos by Tchaikovsky and Rachmaninov (whose music Donska hated) as well as those by Mozart, Beethoven and Brahms. As with so many artists of her generation the Second World War did stop any international blossoming of her

career. One wonders, if she had been born 10 years earlier and managed to establish a career in America before the outbreak of war, whether she would have made a success such as Myra Hess, after all, did with the same kind of repertoire.

During the war Maria Donska played at the National Gallery Concerts, toured in recital and, what must have been quite exhausting, even gave several performances of Brahms' second concerto on tour. Her career was interrupted when she suffered a nervous

breakdown, which she thought could have been brought on by worry about her relatives in Poland.

By 1943 she had recovered and was playing for the BBC and that year started three years of teaching at the Royal College of Music. In the 1950s and 1960s she gave two complete cycles of 32 Beethoven sonatas on the South Bank and at the Wigmore Hall. The BBC continued to broadcast recitals, both live and recorded, and she also formed a debut partnership with the pianist Alan Rowlands. At the Proms she gave an impressive account of the

Brahms second concerto. In 1960 she returned to teach at the Royal College of Music, staying until 1980. Some of her last concerts were four recitals given for Kent Opera.

Maria Donska was a great reader (Shakespeare was a particular love) and she was also very interested in the graphic arts. A husband was made of her by Jacob Epstein, inspired by her playing of Beethoven.

As a pianist, Donska had some of the hallmarks of Schnabel (although not what she called his "curryings"), which she disliked, but her own strong personality was always

evident in her interpretations. Fortunately, she left some commercial recordings, made in the 1960s. For those who can find them, there is a particularly fine recording of Chopin's second and third sonatas. Considering that she was as critical of her own playing as anyone else's (Arthur Rubinstein was one of the few to be praised), it says much of these performances that she said she quite liked them.

Malcolm Binn

Maria Donska, pianist, born Lodz, Poland 3 September 1912; died 20 December 1996.

Births, Marriages & Deaths

DEATHS

HEDDEN-KRIVINOUK: Amanda Sarah, on 29 December, in Talsen, Sadly missed by family and friends. Funeral, 2pm, Friday 10 January, at St James the Apostle Church, Bondleigh, Devon. No flowers please. Donations to the National Hospital for Neurology and Neurosurgery, Queen Square, London WC1N 3BG.

Announcements for Gazette BIRTHS, MARRIAGES & DEATHS should be sent in writing to the Gazette Editor, The Independent, 1 Canada Square, Canary Wharf, London E14 3PA, telephoned on 0171-293 2011 or faxed to 0171-293 2010. Charges are £6.50 a line (VAT extra).

Forthcoming marriages

Mr I. G. Shearer and Miss R. D. Dwyer The engagement is announced between Miss Eleanor, only daughter of Kathleen and Tam Dwyer, of the Banns, Lillington, and Ian Grant, youngest son of Mary and the late James Shearer, of Osbott, Surrey.

Birthdays

Major Kenneth Adams, Honorary Fellow, St George's House, Windsor Castle, 77, Mr Rowan Atkinson, actor and comedian, 42, Mr Paul Azzinger, golfer, 37, Lord Balfour of Burleigh, Chancellor, Stirling University, 70, Mr Roger Barron, MEP, 52, Sir Ashley Bramall, former chairman of the GLC, 81, Sir Robert Clark, chairman, Mirror Group

Newspapers, 73, Mr John Clive, actor and writer, 59, Mr John Croft, painter and criminologist, 74, Mr Angus Deayton, writer and broadcaster, 41, Mr Kapil Dev, cricketer, 38, M Sacha Distel, singer, 65, General Sir Martin Foulds, Master Gunner, St James's Park, 68, Sir Hugh Fish, water technologist, 74, Mr Barry John, former Welsh rugby international, 52, Mr P.J. Kavanagh, poet and novelist, 66, Mr Christopher Lewin, chairman and chief executive, TI Group, 65, Miss Nancy Lopez-Mellon, golfer, 40, Professor Lord McColl of Dinwiddie, surgeon, 64, Sir Brian Moffat, chairman and chief executive, British Steel, 58, Mr Martin O'Neill MP, 52, Lord Plowden, former chairman, Atomic Energy Commission, 90, Mr Bill Sims, former trade union leader, 77, Mr John Sowden, former chairman, Costain Group, 80, Miss Sylvia Symms, actress, 63, Mr Terry Venables, football manager, 54, Sir

Ernest Woodroffe, former chairman of Unilever, 85, Miss Loretta Young, actress, 84.

Anniversaries

Births: King Richard III, 1367; St Joan of Arc, Maid of Orleans, 1412; Giuseppe Sammartini, composer, 1695; Jacques-Etienne Montgolfier, balloonist, 1745; Anna Maria Hall (Fielding), novelist, 1800; Heinrich Heine, poet and composer, 1809; Heinrich Schliemann, archaeologist, 1822; Paul-Gustave Doré, illustrator and engraver, 1833; Max Karl August Bruch, composer, 1838; Clarence King, geologist, 1842; Franz Xaver Schwarzenka, pianist and composer, 1850; Alexander Nikolayevich Scriabin, composer, 1872; Fred Niblo (Federico Nobile), film director, 1874; Carl Sandburg, poet, 1878; Tom Mix (Thomas Edwin Mix), actor, 1880; Khalil Gibran, writer, 1883.

Deaths: Baldassare Peruzzi, architect and painter, 1536; Seth Ward, high priest, mathematician and astronomer, 1689; John Dennis critic and playwright, 1734; Thomas Birch, biographer and historian, 1766; Jean-Etienne Guettard, naturalist and geologist, 1786; Rodolphe Kreutzer, violinist and composer, 1831; Fanny Burney (Madame d'Arbly), novelist and diarist, 1840; Hartley Coleridge, author and poet, 1849; Louis Braille, inventor of a blind alphabet, 1852; Fanny (Frances) Wright, social reformer, 1852; James "Jubilee Jim" Fisk, gold market speculator, shot in a quarrel 1872; Richard Henry Dana, novelist and lawyer, 1882; Gregor Johann Mendel, monk and geneticist, 1884; Philip Danforth Armour, food manufacturer, 1901; Georg Cantor, mathematician, 1918; Theodore Roosevelt, 26th US President, 1919; André-René Louis Maginot, politician, 1932; Victor Fleming, film di-

rector, 1949; Archibald Joseph Coxon, novelist, 1981; Rudolf Hanevich Nureyev, dancer, 1993. On this day: King Alfred defeated the Danes at the Battle of Ashdown, 871; Harold was crowned King of England in succession to Edward the Confessor, 1066; King Henry VIII was married to Anne of Cleves, "The Flanders Mare", 1540; Samuel Morse gave the first public demonstration of his electric telegraph, 1838; after a march of 300 miles in 20 days, Lord Roberts and his troops captured Kandahar, 1879; many deaths were caused by a cyclone in Georgia and other states, 1892; New Mexico became the 47th of the United States, 1912; the Allies began to evacuate Gallipoli, 1916; the first opera (*The Magic Flute*) was broadcast in Britain, 1923; the new Sadler's Wells Theatre opened in London, 1931; the Battle of the Bulge ended, 1945; Britain recognised the Communist regime in

China, 1950. Today is the Epiphany (Feast of the Three Kings), Old Christmas Day and the Feast Day of St Erminold, St Guarnius or Guernon of Sion, St Gaudens de Ribera, St Raphaela Porras and St Wiltrudis.

Royal Ascot

The Royal Meeting will take place at Ascot on 17-20 June 1997. The list for applications for the Royal Enclosure is now open and HM Representatives wishes to remind applicants that the age limit for junior vouchers applies to those aged 16-29 years. Dates of birth must be stated in the application.

Only personal letters of application will be accepted. Existing Members should apply as usual, before the end of April. All those wishing to apply for the first time should make an application before the end of March

stating the full names of those members of their family who require vouchers, together with their dates of birth if between 16-29 years. Sponsorship forms will then be sent which should be signed by a sponsor who has been present in the Royal Enclosure for a minimum of eight years. Overseas visitors should apply direct to their Embassies in London.

In the Royal Enclosure ladies will wear formal day dress with hat which must cover the crown of the head. Gentlemen will wear morning dress with top hat, or service dress. Applications should be addressed to HM Representative, the Ascot Office, St James's Palace, London SW1A 1BP.

Changing of the Guard The Household Cavalry Mounted Regiment across the Queen's Life Guard at Horse Guards, 11am.

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Lessons from the past warn of testing times for small investors

David Schwartz describes himself as a stock market historian. He is certainly not like the analysts, chartists, strategists or any other of the experts who inhabit the City.

So has the statistician who started studying the stock market to help him manage his own portfolio much to offer to the great new year debate about the future direction of shares? Bulls, who had a nervous time as shares crashed on Thursday, must hope not. For the American born, self-made equities expert believes Footsie will end the year at, wait for it, 3,200 points. He also sees cracks appearing in New York with the Dow Jones Average down to 5,200.

Some City experts are inclined to dismiss Mr Schwartz, who likes to point out that he watches share markets from the scenic Cotswolds, surrounded by cows not computer terminals.

Yet his record is impressive

and he has built a strong following, particularly among small investors.

Peering into some of the more remote corners of history he concludes 1997 offers "very poor prospects" for investors. He reads last year's inflation signs as heralding a bear market. And the upcoming election is another cause for Schwartz concern. "History shows," he says, "that shares often fall when the Prime Minister's rating is very low - like John Major's is at present."

In Mr Schwartz's view the message from the past "is there are very high odds of a large fall in London in 1997. At its low point look for a test of the 3,000 level on the FTSE 100 before recovery begins"

The Cotswold share guru arrived in this country at the start of 1987 with his English-born wife, Philipa. His stock market business, represented by Burleigh Publishing,

evolved as he took the view that his historical research had produced enough material for a book on the market, aimed at private investors. Articles in various publications followed; so did more books and a quarterly investment letter.

Mr Schwartz, who is 56, has never worked in the investment industry in the US or here. He thinks his relatively recent conversion to the market, his freedom from the hurly-burly of the City and the fact he is a commentator not linked to a share dealing operation give him an edge and allow more independence.

He has been looking for a share slide for some time. In his September newsletter he said: "We have repeatedly warned investors in recent issues that the next big move for UK equities is down."

It was much the same theme in last month's missive.



Said Mr Schwartz: "One could be forgiven for thinking UK investors are having a great year ... but under the surface things are not quite

STOCK MARKET WEEK

DEREK PAIN

Stock market reporter of the year

as good as the headlines suggest..."

He adds: "A bleak long-term picture is getting worse. Many long-running historical trends are sending a very clear message – that the UK stock market is at or very close to its high point for the bull market."

He is convinced New York is due for a fall. In the last 150 years, seven of the eight US presidents who were re-elected for a second term suffered large Wall Street declines in the first year of their follow-up term. The average decline represented 1,000 points on today's Dow Jones index.

The exception was Presi-

dent Reagan, who achieved a 26 per cent rally. But Mr Schwartz says Wall Street had already fallen and the market then was ripe for a rally.

On inflation he says in the 13 post-war elections the cost of living had risen in the following year on 10 occasions.

"It vividly makes the point that politicians find it difficult to act responsibly while running for re-election."

The City fears, he says, that higher inflation will lower shares.

Mr Schwartz is nervous about any incoming Labour government, as well as such investment yardsticks as the dividend-yield ratio. He frets about the longevity of the current bull market ("a downturn is overdue").

If he has got it right and a bear market looms it will be a particularly testing time for many private investors.

Many have yet to ex-

perience the trials and tribulations of sliding, even crashing shares. How many witnessed the 1987 meltdown? Even fewer would have endured the drip-drip of the long 1970s bear run.

To some smart and dedicated players it has been relatively easy to make money in recent years. The Schwartz scenario signals the end of such easy pickings.

It is not only the private investor, already having to contend with the unhelpful attitude of the Stock Exchange and other interested

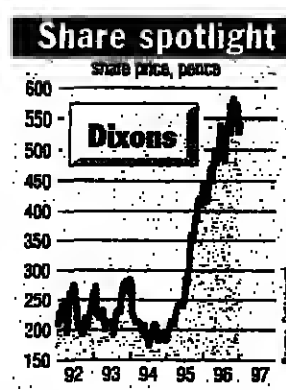
Many professionals, from fund managers to stockbrokers, arrived after 1987. And those who witnessed the 1970s are, by nature and the upheaval of Big Bang, a dwindling hand.

Although professionals will struggle to cope it is the private investor who will be more at risk if liquidity dries

up and prices swing violently. Much tighter settlement – T plus three is still a possibility – and the arrival of the computerised Crest system are fine for institutions but a headache for the private investor. Order-driven trading, due this year, is another influence which in the long run is unlikely to benefit the small man.

A bear run could also be a testing experience for some of the cut-price, execution-only stockbrokers, competing for the attention of the private investor.

Although the country swings back to work today there is little evidence the company reporting schedule is back on song. **Dixons** is the only major expected to report this week. It offers six-month figures with around £57m expected against £37.5m. More important than the profits will be details of Christmas sales.

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business & city

Business news desk: tel 0171-293 2636 fax 0171-293 2098
BUSINESS & CITY EDITOR: JEREMY WARNER

On-line Britain: Banks with no branches will sweep the country as dial-your-own grocery services gather pace

Banking by phone to take off by 2001

Jill Treanor
Banking Correspondent

Telephone banking is set to explode in Britain by 2001 when more than 30 per cent of the British population will conduct their banking affairs by telephone, a higher proportion than any other country in Europe, according to research published today.

In a separate move highlighting this expansion, Britain's phone-banking pioneer First Direct is about to open a second call centre, to deal with its increased workload.

The new operation in Glasgow will operate alongside its existing centre in Leeds, which was founded seven years ago. According to the research by Datamonitor, a management consultancy firm, just 10 per cent of Britons currently bank by telephone.

The research will come as welcome news to the nation's banks, which are pouring millions of pounds into developing telephone banking, and at the same time closing branches and slashing staff numbers. According to Bifu, the banking union, 120,000 jobs have been lost in bank branches in the last six years and thousands more are expected to go.

Competition is already fierce, and will get more intense. Four building societies are due to convert to bank status this year, and all four of them will use phone banking to

compete with the existing high street banks.

The supermarket chains are also getting in on the act. Sainsbury's recently announced a phone-based banking service in partnership with Bank of Scotland.

Telephone banking was pioneered in Britain by First Direct, which was launched by Midland Bank in 1989. First Direct is still expanding and will announce shortly that it is opening its first call centre outside Leeds.

The experience of First Direct shows it can take years to make any money out of phone banking because of the high investment needed in technology.

First Direct did not make any profits for Midland until December 1995 and since then has wavered back and forth between the red and black depending on the resources being ploughed into advertising.

First Direct dealt with 10 million telephone calls last year and aims to field 12.5 million by the end of this year. On average, a spokesman said, First Direct recruits 12,000 customers a month and has over 600,000 in total.

The example set by First Direct jolted other banks into offering telephone banking. But most of these services differ to First Direct as they are run in addition to traditional branch banking rather than as an alternative.

For instance, NatWest, which caused uproar from unions by announcing plans to cut 10,000 jobs in branches in the next four to five years, has around 540,000 customers using its telephone banking services.

Kartik Natarajan, analyst at Datamonitor, which based its research on interviews with 200 banks across Europe, expects Britain to have Europe's highest penetration of telephone banking customers in 2001 at 32 per cent or 13 million customers.

"Competitive pressures across European retail banking markets will force banks to set up telephone banking operations in order to meet customer demands, although in some countries banks will have to work hard in order to transfer their customers to transfer to such services," he said.

Britain was currently behind only Finland and Sweden in its penetration of telephone banking and would grow to the highest proportion because of changing work patterns in Britain, the efforts of the banks and sophistication of the telephone network, Mr Natarajan said.

Lloyds TSB, which estimates that 560,000 of its customers are banking via the telephone, is already preparing for the next era in banking with plans next month to start a television banking trial at 250 homes in Hull.



Direct dialling: First Direct staff taking calls from customers at the Leeds centre

Photograph: Joan Russell/Guzzilan

Boost for home shopping pioneers

Nigel Cope

A home shopping service which supplies groceries provided by Sainsbury's has raised £2m to expand its UK coverage. Flanagan's, which has been offering its Supermarket Direct service in south London since 1995, plans to take the service to the north of the capital later this year as part of a longer-term plan to build a nationwide network.

According to joint managing director Adrian Flanagan, the plan is to invest more funds in the group's Wandsworth site which supplies homes in south London while it seeks other suit-

able sites. It will gradually extend the range of products available in its catalogues from 2,500 to 6,000 by the spring. More cash will be pumped into new technology. Other funds will be invested in new kitchens which will manufacture a new range of ready-made meals under Flanagan's own label.

None of the £2m has come from Sainsbury's, which retains links with the company. Most has come from 35 private investors, which include the directors and Sir Michael Sandberg, the former chairman of the HongKong Shanghai Banking Corporation, who chairs the group.

According to Mr Flanagan, the group is now on a stable financial footing after a period in 1996 when it ceased trading due to cash flow constraints.

Mr Flanagan says Supermarket Direct has 5,000 regular customers who fax or phone in their orders and pay a £4 charge for delivery. He says the service is achieving its break-even target of 170 orders per day.

The bulk of the customers are ordinary families, not high earning, dual income couples. The expansion of Supermarket Direct is just one of a series of new initiatives in supermarket home delivery. Tesco

launched an Internet home shopping service in west London in October. Sainsbury's is also offering a delivery service from some stores and Safeway is considering home delivery. Marks & Spencer offers home delivery from some stores such as its High Street Kensington shop in central London.

Other companies have linked up with supermarkets or home shopping groups to offer "Shop from work" schemes. Cap Gemini, the consultancy group, and the computer group, Hewlett Packard, both have schemes allowing staff to have their groceries delivered to work.

BT free calls could aid Internet

John Willcock

BT is considering offering "free local calls" for domestic customers coupled with higher line rental charges in a move which could transform Internet use in the UK.

A BT spokesman says that the company is looking at a range of possible new "packages" in its campaign to beat back competition from the likes of Mercury and the cable companies.

One favoured route, which would bring the UK into line with America and Asia, would be to slash charges for local calls and charge a higher quarterly line rental instead. Such packages could also cover a mixture of local and international calls for BT's 20 million-odd residential customers.

In the US, where Internet usage per head is by far the highest in the world, individuals benefit from packages which offer "free" local calls coupled with a premium line rental charge. Since Internet access is charged at local call rates, a "free" local rate could make all the difference to UK Internet users.

Many IT observers fear that Internet usage in the UK has been hampered by BT's local charges. A BT spokesman denied this yesterday, saying that local calls cost just an average 1p a minute on weekends. "We already offer a number of services, such as Premier Line, where customers pay £24 a year and get 15 per cent off their call charges."

The spokesman said the "free local calls" idea was "just a gleam in the eye" of the company for the moment. "We would need regulatory approval for any such move."

Clyde attacks £432m offer as 'on the cheap'

John Willcock

Clyde Petroleum issued a strongly worded defence document yesterday, attacking Gulf Canada's £432m bid as "wholly inadequate".

Malcolm Gourlay, chairman of Clyde Petroleum, said: "I can't fault the Canadians for spotting the value in Clyde but they are trying to get us on the cheap."

In the defence document posted to shareholders yesterday Mr Gourlay said: "This offer totally fails to take account of the true value of Clyde and its continuing success, let alone its potential as an independent company."

Pointing out that Gulf Canada and its North American rivals are valued principally on the basis of cash-flow multiples, Clyde's finance director Roy Franklin said that on this measure alone Gulf's bid for Clyde undervalued the company.

For instance, Clyde's historic (1995) debt-adjusted cash flow multiple at the offer price of 105p a share was 5.7, compared with comparable international companies which stand at 8.9. On the same basis Gulf Canada's cash flow multiple stood at 12.7.

Mr Franklin told shareholders that such a wide differential "illustrates the extent of the 'accretive' value which this attempted takeover seeks to obtain for the benefit of Gulf Canada shareholders at your expense."

He added: "In the last three years our performance has been tremendous by any measure."

Mr Franklin pointed out that Clyde's share price already indicated that the City viewed the Gulf bid as too low. Gulf shares closed up a penny at 116.5p on Friday, well above Gulf's 105p offer price. "This bid has a long way to run," he said.

Gulf Resources attacked Clyde's defence as a weak re-run of old news. "It's a pretty empty document, rebasing the last year. There's nothing new that changes our view of value. It omits their own broker's forecasts of declining earnings for next year."

"We are looking to acquire assets in the ground and are offering a 40 per cent premium to their net asset value."

The Gulf camp also criticised the Clyde directors for selling shares during the year. This was a reference to the sale of share options by various Clyde directors at 81p a share, just a day before Gulf Canada launched its hostile bid at 105p last month.

James Bryan, Gulf's president and chief executive, contrasted the share sale with the directors' decision to reject the Gulf bid. However, Clyde Petroleum said the options had been sold because they were reaching their expiry date. The company also said that the Clyde directors held more shares now than they did a year ago.

Schroder Investment Management and PDFM have 40 per cent of Clyde's shares.

Scardino recruited as key player in Forest bid

Nigel Cope

Marjorie Scardino, the US businesswoman who takes over as chief executive of the Pearson media group this week, has emerged as an investor and key player in a consortium which will make a last-minute bid for Nottingham Forest football club today.

Mrs Scardino and her husband Albert have been recruited by the consortium whose main four members are Trocadero property developer

Nigel Wray, former Tottenham Hotspur chairman Irving Scholar, Nottingham businessman Phil Soar and Julian Markham, chairman of property group Glengate Holdings.

The consortium will present an offer document to Forest chairman Irving Korn at noon today. It will distribute the document to the club's 209 shareholders ahead of this evening's extraordinary meeting to vote on a rival £13m takeover proposal led by Portbrook Leasing chief Sandy Anderson.

Forest shareholders are set to block the Anderson bid, with the shareholders' leader Peter Blackburn saying he was "very confident" that Anderson would not obtain the 75 per cent of the vote needed to gain control.

The Arizona-born Mrs Scardino and her husband are involved in a personal capacity rather than through Pearson and are assisting the Wray consortium in the recruitment of other US investors.

But the Scardinos' involvement appears to re-open the pos-

sibility of Pearson taking a direct investment in football just weeks after the group's previous management rejected a similar proposal from Greg Dyke, head of Pearson Television, which includes Thames Television. He had suggested the group take a stake in a top club after Pearson Television had examined possible football investments during the summer.

Mrs Scardino's obvious footballing interest - she is also a keen Manchester United supporter - appears to pave the way

for a fresh assault by Pearson on the lucrative football sector.

Greg Dyke's view is that top football clubs represent a lucrative investment opportunity as they own the rights to televised games.

The Nigel Wray-Irving Scholar consortium has declined to name the exact price it is offering for Forest, which currently lies second from bottom of the Premiership.

However, it was thought that the offer would involve an immediate cash injection of £10m

with a further £20m to be raised through a stock market flotation.

The group says it has left its retooled takeover approach to the last minute to prevent any disruption from other interested parties.

However, the Wray group faces fresh competition from Grant Bovey, a video entrepreneur who has re-entered the race after withdrawing his initial offer. He is promising £13.5m for new players and says shareholders will receive formal details in the next fortnight.

Perry due to head Centrica

Sir Michael Perry, former chairman of Unilever, is expected to become chairman of Centrica, formerly British Gas Energy, when the retail gas arm completes its demerger next month, writes John Willcock.

Centrica publishes the details of its split from British Gas at the end of this week, when it is expected to announce Sir Michael's appointment. Shareholders will vote on Centrica's proposals at an egm on 12 February, and the shares are due to start trading five days later.

Sir Michael's expertise in marketing and brands, as well as his wide international experience, will add credibility to Centrica.

He joined British Gas as a non-executive director two years ago, and was given a similar post at Centrica last month. He will be a non-executive

chairman, leaving most of the decision making to Roy Gardner, chief executive. Richard Giordano will withdraw from Centrica and remain chairman of British Gas, the production and pipeline business.

Sir Michael, 62, joined Unilever in 1957 and worked his way up to become chairman four years ago. He retired from Unilever last September.

He helped to change the perception of Unilever in the City from an Anglo-Dutch company based on products like toothpaste and shampoo to a truly global business with prestige brands. For instance, he played a leading role in the acquisition of Elizabeth Arden and Calvin Klein in the late 1980s.

This brand awareness will be useful to Centrica, which faces stiff competition in domestic gas supply as well as the



Brand recognition: Sir Michael's reputation will aid Centrica

challenge of expansion overseas and into electricity.

Sir Michael is a chairman of the trustees of the Globe Theatre, the recreated Shakespearean theatre in London. He

is also a keen singer and opera buff, often singing with the Bach Choir.

A spokesman for Centrica refused to comment on the appointment last night.

STOCK MARKETS									
FTSE 100									
Index	Close	Week's chg	Change (%)	1996/97 High	1996/97 Low	Yield (%)			
FTSE 100	4089.50	-1.5	-0.0	4118.50	3632.30	3.88			
FTSE 250	4493.80	+23.1	+0.5	4568.80	4015.30	3.49			
FTSE 350	2032.70	+1.6	+0.1	2043.80	1816.60	3.80			
FTSE SmallCap	2189.01	+19.8	+0.9	2244.36	1954.06	3.08			
FTSE All-Share	2004.05	+2.9	+0.1	2013.66	1791.95	3.75			
New York	6544.09	-16.8	-0.3	6560.91	5032.94	2.02			
Tokyo	16361.35	-7.7	-0.0	22666.80	18161.71	0.811			
Hong Kong	13222.79	-181.3	-1.4	13630.95	10204.87	3.151			
Frankfurt	2859.28	+6.4	+0.2	2909.91	2263.36	1.611			

Source: FT Information

INTEREST RATES									
UK interest rates									
Instrument	Rate	1 Month	3 Month	6 Month	1 Year	2 Year	3 Year	5 Year	10 Year
Bank of England	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
91 Day T-Bill	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
3 Month T-Bill	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
6 Month T-Bill	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
1 Year T-Bill	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
2 Year T-Bill	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
3 Year T-Bill	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
5 Year T-Bill	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75
10 Year T-Bill	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75	5.75

CURRENCIES

Pound vs.

	Close	Week's Chg.	Yr Ago
\$ (London)	1.5918	+0.02c	1.5527
\$ (New York)	1.5955	+0.17c	1.5515
DM (London)	1.8848	+0.41c	1.7319
Y (London)	196.587	+Y1.325	182.824
E index	93.8	+0.2	83.5

Dollar vs.

	Close	Week's Chg.	Yr Ago
\$ (London)	0.5911	-0.01	0.6440
\$ (New York)	0.5919	-0.02	0.6445
DM (London)	1.5575	+0.23c	1.4375
Y (London)	116.203	+Y0.770	104.885
E index	93.1	+0.4	94.4

OTHER INDICATORS

Close	Week's chg	Year Ago	Index	Latest	Yr Ago	West Reg.	
OT Brent \$	23.99	-0.19	18.92	RPI	153.9	+2.7pc/149.8	18 Jan
Gold \$	363.20	-3.40	396.10	GDP	108.9	+2.3pc/105.7	27 Jan
Gold £	214.68	-2.14	255.10	Base Rates	==	6.00pc 8.75	==

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DAVID OWEN

'It is capital rather than consumer spending which is more likely to boom in 1997. A strong bull case is growing for investment'

The UK is investing in a better class of boom

Despite all the hype surrounding the high street, the personal sector saving ratio remains as high as in recession. Meanwhile, the Government has shown an amazing degree of prudence. High domestic savings often mean high domestic investment, but only if the fundamentals are right. They are. Having become so conditioned down the years to associate the UK economy with a failure to invest, it is capital rather than consumer spending which is more likely to boom in 1997. A strong bull case is growing for investment. First, demand is accelerating. Moving from a growth rate of 2 per cent to an above-trend rate of growth has significance for investment, over and above its role in reducing spare capacity. The fact that GDP is accelerating is also important. Students of basic economics will recognise the "accelerator model" of investment. Historically, accelerations in GDP have been closely followed by increases in investment.

Second, uncertainty about demand is becoming a less important constraint limiting investment. Business leaders need confidence in the durability of recovery in order to invest. This is inevitable given the high initial cost, the lengthy payback periods and the irreversible nature of most investment projects. In terms of easing uncertainties, the mix of growth can be as important as the absolute growth rate itself. History teaches us that business does not invest on the back of exports. In contrast, a little bit of life on the high street is far more effective at raising business confidence. Moreover, it would not need a fully fledged consumer boom to kick-start investment. Close to 4 per cent consumption growth in 1997 would give companies more than enough reason to invest.

Third, profit margins are high, as is the ratio of profits to GDP. Recently published

data suggest that the core trading profits of industrial and commercial companies once again outpaced money GDP growth in 1996. Other official figures suggest that the net rate of return on capital employed is back above its long term average.

Fourth, survey evidence suggests that capacity usage is back at a late 1980s level. Unfortunately, official measures of the capital stock are highly dubious, since the asset lives used by the ONS statisticians are hopelessly unrealistic—they are way too long. More realistic assumptions suggest that growth in capacity has been significantly below GDP growth in this recovery and weaker than in any period other than the heady 1980s recession. Companies have a need to invest, particularly in the service sector where spare capacity is fading fast.

There are also additional tailwinds which will help keep investment strong beyond 1997. In particular, in the last two years the emphasis for many companies has been on merger and acquisition activity, share-buybacks and dividend payments. This has partly been the fashion, with UK corporates repeating the experience of the US, in many cases going into debt to finance these forms of financial engineering. However, it has also been prompted by the expectation that the shutters would come down post-election, under a Labour government. This has diverted resources away from investment. This will change after the election.

Not only could more bids be referred to the Monopolies and Mergers Commission under a Labour government, but the tax system could be used to skew

more corporate activity towards investment. Indeed the current government has gone some way down this road by reducing the tax credits associated with dividend payments, share buybacks and special dividends. We would also not rule out an incoming Labour government enhancing capital allowances, albeit for a temporary period. This could have significantly more success than Norman Lamont's brief flirtation with enhancing capital allowances in 1992/93. Back then companies had little reason to invest. The situation today is very different.

At present, despite all the hype about the Private Finance Initiative (PFI), publicly sponsored investment is being a significant drag on total investment. After the election this is likely to change. An incoming Labour government would be keen to promote investment in areas like transport, health and education. Borrowing to invest would not threaten Gordon Brown's "Golden Rule". Also, by then, the PFI should be making a

significant contribution to overall investment.

Another "non-economic" push to investment is the computer problems associated with the year 2000. The introduction of a single currency (whether the UK is involved or not) will also involve significant investment, as computer programmes are rewritten. Estimates involved vary enormously, but there is no doubting that spending on information technology will grow sharply in the next few years. This will coincide with business spending on software being included in the investment data for the first time. This could involve significant upward revisions to the published data, which as it is has probably under-recorded the investment recovery there has been to date.

But what about the headwinds? Much will be made of a stronger pound and higher base rates denting investment. However, these headwinds have to be put in context. True, exporters will be hit but strong export growth is never enough by itself to prompt an investment recovery in the whole economy. Sterling may hit manufacturing, but that sector accounts for not much more than 10 per cent of the investment undertaken in the UK economy.

All the strong currency will do is bias the investment recovery more towards services, the sector of the economy which does the lion's share of all investment anyway. We would expect the trends established in the 1980s to continue in the next few years, with particularly strong investment by finance, transport and communications companies (see chart).

Likewise, the likely rise in base rates has to be put in context. Finance is cheap and readily avail-

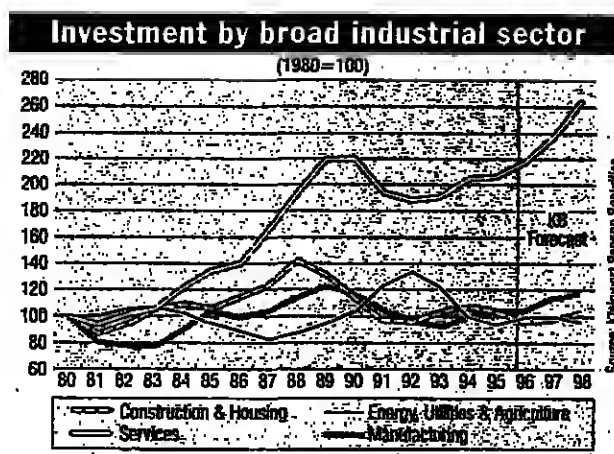
able, balance sheets are strong. GDP is accelerating, spare capacity in services is fading fast, the mix of growth has become more investment-friendly and companies have revealed that they are prepared to go into debt. It is very doubtful that a modest rise in base rates by historic standards will derail the investment recovery.

Few would argue against the notion that a strong investment recovery will improve the fortunes of the UK economy. However, a strong investment recovery will bring with it worries about overheating. Potentially, this could take one of two forms, rising inflation or a widening current account deficit. At present there is far more concern about inflation (which has been rising) than the current account (which is broadly in balance). This could change as we go through 1997. The experience of the late 1980s suggests that an investment boom is more likely to lead to a wider current account deficit than higher inflation. This could be further compounded by the strength of sterling, which may help obscure inflationary pressures in coming months, but hit net exports.

On balance, the main reason why a be avoided is a continued high rate of domestic savings. Despite the fall in the jobs total and a recovering housing market there are no signs yet of households using the economic improvement as an excuse to spend beyond their means.

In the long run savings and investment are closely correlated. Demography and uncertainty over pension provision mean that people will want to save more in the next decade. As such, a case can be made for arguing that the coming investment boom will go beyond a one-off cyclical increase.

David Owen is UK economist with Kleinwort Benson Securities.



How long before the Wall Street party's over?

They talk of Beethoven and Dylan Thomas, but analysts cannot agree about prospects. David Osborne reports

Last week gave us the twilight days of stock trading between Christmas and the start proper of the new year, on Wall Street, at least, they amounted to a gigantic tease. Anyone straining to see omens for 1997 on this side of the bubble should have turned off their screens.

On New Year's Eve, the Dow Jones Industrial Average seemed clearly to signal trouble ahead when it swooned by some 101 points. But, lo and behold, last Friday it delivered one of its miraculous mini-surges (actually, it was the Dow's sixth-biggest one-day gain in point terms) rising by 101 points. All said and done, it ended the week down by a mere 16.82 points.

The questions, of course, are these: can American stocks possibly sustain their run of the last two years? Or should investors be prepared to be humbled—if not to say crash—that some believe simply has to happen? How bad might it be?

Consider the sheer chutzpah of American stocks. Last year, the industrial average gained a mighty 26 per cent in value, shaking off a couple of nervous episodes in July and October. That came on top of the still more impressive 33.5 per cent increase achieved in 1995. When the ball dropped on Times Square last Tuesday night, the Dow stood a full 68 per cent above its close at the end of 1994.

If we must try to predict the months ahead (and, of course, we must), there is a relatively easy route: you look at the American economy for a moment and conclude that there is nothing compelling out there

that suggests disaster. Indeed, the Federal Reserve and its chairman, Alan Greenspan, could have found the magic monetary formula: inflation is at bay and so is unemployment. It is worth remembering that the Fed's Open Market Committee has not done a thing to interest rates for almost 12 months.

There is even the theory about that the economic cycle of boom and bust has actually been tamed and the picture ahead is one of steady, low-inflation growth. That was the view expressed in a recent survey by the Washington-based National Association of Business Economists.

While all business cycles eventually end, almost all of the 44 economists who responded to the survey expect economic expansion to continue for the foreseeable future, the association said. "That conclusion may not be precisely what Ludwig van Beethoven had in mind in his cantata 'Calm Sea and Prosperous Voyage', but the approximation appears to be close."

From Beethoven to Dylan



The art of new year predictions: One analyst makes reference to a Beethoven cantata, another to a Dylan Thomas poem

Thomas. It is to the Welshman and his great poem *Fern Hill* that Barton Biggs, the strategy guru of Morgan Stanley, reaches when trying to describe the

heady mood of 1996 in a New Year's essay to his clients.

"Now as I was young and easy under the apple boughs / About the lulling house and happy as the grass was green, / The night above the dingle starry..." And the second verse begins: "And as I was green and carefree, famous among the barns..."

But wait. Mr Biggs is among those noting that paradise is never for ever. He offers: "I don't think that 1997 is going to be as golden or that we are going to be as 'green and carefree'. The market may wipe that smile off our faces. Something bad is going to happen. It's just a question of how bad."

Mr Biggs concedes his prediction is based principally on

hunch, instinct and an awareness of history. He points out that in 65 of the first 95 years of this century, stocks in the US declined by at least 10 per cent. He adds even more ominously that in this century crashes of 40 per cent or more have occurred once every 8.7 years.

He concludes: "I think that in 1997, we will experience a true bear market in US stocks for the first time since 1990. My guess is that this bear will be of the cyclical variety, with a decline of 20 per cent to 30 per cent peak to trough, that will last about six months."

And Mr Biggs is acting accordingly. He has taken the cash share of his model portfolio from zero to 15 per cent

and is selling US stocks. David Shulman of Salomon Brothers has gone further, raising cash to 20 per cent of his model portfolio.

History and superstition apart, there are reasons to worry about the US market. However ideal the economic and political environment in the US may be—the famous Goldilocks scenario—there has to be a limit to the market's ascent before valuations are stretched beyond the bounds of credibility and the whole edifice crashes.

We know Mr Greenspan is worried because of his remarks just before Christmas about "irrational exuberance" among US investors. The intimation

was that a bubble had grown on Wall Street that could burst at any time with potentially horrible consequences, just as the Japanese bubble did in 1989.

Here, it is worth giving close scrutiny to the role of the US mutual fund. In 1996, investors poured a stunning \$208bn (£123bn) into mutual funds—the equivalent of unit trusts—shattering the previous record of \$129.6bn set in 1993. They did so on the clear understanding that their money would be put to work instantly in equities.

Fund managers acted accordingly, cutting the funds' mean holdings in cash in 1996 to just 6.2 per cent of assets—the lowest level since 1977. And, of course, as managers scoured the equity market for vessels for their torrents of dollars, so they helped drive the Dow still higher and higher.

Such is the pressure on managers to keep their funds among the top performers, many may be closing their eyes to the risks that they know lurk in the markets. It is the case of Robert Marcin, whose predicament was highlighted recently by the *Wall Street Journal*.

As manager of the \$2.3bn MAS Funds Value Portfolio, he admitted to "bending" his own investment rules in continuing to dive into the Dow to pump up his returns. All the while, however, he has been adjusting his own personal portfolio by cutting back on US equities and preparing a possible return of the bears.

If it is ill-fated faith that is making US investors give so much of their wealth to the equity market, then there is reason to fear. An unexpected and reasonably sustained downturn in the Dow could trigger an equally irrational loss of faith and a panic of mutual fund redemptions. The downturn could then become a spiral.

On the other hand, we could be at 7,000 over here by March.

Firms begin to build on recovery

Tom Stevenson
City Editor

The upturn in the commercial property market continues in full swing, with a third of British companies expecting to increase their property holdings over the next six months. The findings of a survey conducted by the Confederation of British Industry and Grimley, the property adviser, are the strongest evidence yet that the recovery in consumer sentiment is spreading to all parts of the economy.

Retailers are leading the upsurge in property investment, with medium and larger companies setting the pace. For the first time demand for town centre space matched out-of-town and suburban requirements, suggesting the Government is succeeding in its stated aim of stemming the flow to environmentally unfriendly greenfield shopping centres.

Sudhir Janankar, CBI associate director, said: "Business confidence has strengthened markedly compared with six months ago and companies expect a further pick-up... led by domestic demand. With profitability set to grow faster over the next six months, the upturn in the commercial property market is becoming more firmly based."

The CBI/Grimley survey shows the highest expectations since the poll began in November 1994. Thirty-two per cent of companies expect to increase their property holdings, while 26 per cent expect a reduction.

The highest increases are expected to come from the distribution, metal manufacturing and chemical processing, transport and communications sectors.

Clinphone nets founders £3.3m

Two former hospital doctors who set up a company a year ago aimed at revolutionising clinical trials for new drugs will both pocket over £1m after selling a third of the firm to institutions, writes John Willcock.

Neil Rotherham and Jonathan Engler are selling a third of their private company Clinphone to Mercury Asset Management's private equity division and HSBC Private Equity for £3.3m.

The duo, who worked as doctors until four years ago, have developed an automated phone system which should cut the time taken to test new drugs.

Currently doctors involved in such trials have to fill in lengthy forms with their results, and the money tied up in such long-term trials are immense. Under Clinphone's system this bureaucracy is replaced by touch-tone phones. The doctors involved simply punch in their answers to a series of questions directly to the pharmaceutical company concerned.

This cuts the time taken for the trials and consequently in-

creases the period during which the drug's patent can keep earning the pharmaceutical company money.

Jeremy Sharman, a director of MAM, says Clinphone is "one of the fastest growing companies I have ever been involved with. The projected figures are very bullish."

While the company will only complete its first trading year in February, it already has a blue chip client list which includes Glaxo and SmithKline Beecham. The company is based in Nottingham and employs around 20 people. It was launched last year with a couple of hundred thousand pounds of family money, and Mr Sharman said it was possible the business may float either in London or New York, possibly in three years' time.

The Clinphone interactive phone technology already has 14 different languages in use in 30 countries. The company claims the system is efficient in ensuring that the patients being tested are randomly recruited, which is vital in clinical trials.

IN BRIEF

• House prices will rise by 50 per cent over the next three years according to a survey to be published this week by Savills, the estate agency group. Savills predicts a rise in house prices of 13 per cent this year followed by rises of 15 per cent in 1998 and 18 per cent in 1999. The forecast is significantly higher than other estimates such by building societies such as Halifax and Nationwide, which are predicting a 7-8 per cent increase this year.

• Henderson Investors, the fund management group, is to sponsor the Rothmans Williams Renault Formula One racing team. Henderson Investors has recently been re-branded and managing director Dugald Eadie said the sponsorship was an opportunity to support the new logo and new brand.

• Skills shortages in information technology are adding 10 per cent to businesses' IT costs and are expected to worsen this year according to a survey by Delphi Group. Two thirds of companies are also unprepared for the computer changes which will be required by the millennium date change. The survey, which was conducted among 3,000 managers in Britain's largest businesses, found that two thirds of companies had failed to address the problem.

• Almost 90 per cent of businesses have witnessed an increase in workplace stress according to a new survey. Eighty-three per cent of occupational health workers included in the survey reported a rise in staff absence due to stress-related illnesses, supporting statistics which suggest that stress is a factor for three in every five people who take time off sick. The survey was conducted by the makers of Zovirax cold sore cream.

• George Wimpey has been awarded a \$240m contract to modernize Aden Refinery. *Al-Hayat* newspaper said yesterday. The Saudi-owned newspaper, quoting the Yemeni Oil Ministry, said Wimpey will raise the capacity of the refinery from 100,000 barrels a day to 170,000 barrels. Refinery officials could not be reached for comment. Yemen, at the south-west tip of the Arabian peninsula, produces about 335,000 barrels of crude oil a day.

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